

## Environment

## Herbicide use threatens food export future

by Belinda Gillespie

A TOTAL 2,4,5-T ban in the United States could force New Zealand to follow suit to maintain agricultural export levels.

While New Zealand is entering as one of the world's heaviest users of 2,4,5-T with about 500 tonnes applied each year, the American Environmental Protection Agency has suspended several uses of the chemical. And further court hearings on whether to make a total ban are imminent.

The United States is increasingly refining its detection methods for the 2,4,5-T impurity dioxin in food imports and even though dioxin has not been found in New Zealand products the threat of

potential rejection is growing. At present dioxin can be traced down to one part per trillion.

Popular feeling against 2,4,5-T is mounting in New Zealand, Australia and the United States. Governments in at least three countries — Italy, Sweden, and Holland — have banned the herbicide to quell public misgivings.

Although 2,4,5-T has become an issue at local body level in New Zealand, decisions on its use have so far been left to scientific and agricultural experts employed by the Government, not to politicians.

Fact has been added to the outcry in New Zealand by army veterans who have reported effects which they

link to exposure to the defoliant, agent orange, used extensively during the Vietnam war.

Of a number of defoliants, agent orange was the most used in Vietnam from 1964 to 1971. Spraying was stopped after the publication of an American study on mice which showed that birth defects were caused by dioxin, the poisonous contaminant of 2,4,5-T.

Agent orange was a mixture of two herbicides, 2,4,5-T and 2,4-D. As used in Vietnam, it contained dioxin at average level of 37 ppm (parts per million), close to the concentration at which it caused birth deformities in laboratory animals.

After the discovery that

dioxin was a "teratogen" (an agent causing birth defects) most countries limited permissible levels to 0.1 ppm.

Regular DSIR checks in New Zealand show that the dioxin content of 2,4,5-T used here is about 0.02 ppm — considerably lower than the legal limit.

An American scientific team went to Vietnam in 1974 to investigate the health and ecological effects of the massive spraying of the countryside.

Of the total land area, 8.6 per cent had been sprayed, and agent orange used had contained dioxin up to 50 ppm.

Because of conditions during the war and continued fighting at that time, the team

reported a lack of epidemiological data on which to base conclusions about any increase in birth defects, or otherwise.

Allegations that American Vietnam veterans had been affected were first reported in 1977. An American Air Force report released in 1978 however, concluded that it was unlikely that troops had been affected, but pointed out that while the short-term effects, notably a skin rash named chloracne, were well known, there was little data on the long-term effects of exposure to dioxin.

One of the difficulties of setting up a proper scientific study has been sorting out the degree of exposure experienced by different groups of

servicemen, so that an exposed group could be measured against a control group with relatively little exposure.

It is essential for the scientific credibility of a study that both groups are veterans because of the many other variables such as disease, climate, drugs and psychological effects of the war which would not have been experienced by any comparable group selected from the American civilian population.

The study of pregnant women at Alsea, Oregon, which resulted in last year's suspension of certain uses of 2,4,5-T in the United States, has proved to be unacceptable to scientists throughout the world, chiefly because of a failure to match the group of women tested with a control group similar in all important respects.

The United States Air Force will now study a group who was involved in "operational ranch hand" — a spray project in which the pilots loading the planes or defoliant received maximum exposure.

About 1200 men were involved, and will be measured against the same number of men who received no more than routine exposure.

A time lag of up to 10 years, by the time those involved have been located, screened, and the results assessed and collated, is likely.

In the meantime, the names of veterans in the United States, Australia and New Zealand will remain in the dark about the potential effects of agent orange exposure on unborn children.

Our Defence Department has responded by lodging inquiries with its counterparts in Australia, and with the United States Veterans Administration for information on when and where agent orange was used.

Air Commodore Leonard Thompson confirmed that the department hoped for useful information from Australian servicemen who operated under similar conditions to New Zealanders. The department has also undertaken a study on all Vietnam veterans still in service, and their families.

While the 400 servicemen sample to be studied is too small to reveal any conclusive results, it will be compared with Health Department statistics for the population at large, and will give at least "some feeling for the incidence of problems".

If there is evidence of an unusual incidence of congenital malformations, investigations will be carried out on all servicemen who were in Vietnam, and decisions have been made beyond the immediate and request for overseas information.

Despite mounting feeling against 2,4,5-T, the Department of Toxicology, Dr. Bates says there is persuasive evidence that herbicide causes birth or chromosome damage to humans.

The "half-life" of 2,4,5-T in the period following ingestion is much less than that of other more accumulative substances (DDT).

The banning of DDT in the United States, which was popular and political, was not for scientific reasons, was followed in New Zealand and throughout the world.

NEW ZEALAND'S NATIONAL WEEKLY OF BUSINESS, POLITICS AND ECONOMICS

Incorporating Admark

60 cents

# NATIONAL BUSINESS REVIEW

## Inside

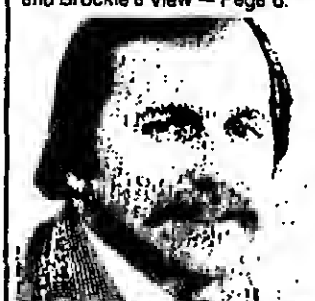
## THE WEEK

Public Accounts show need for Government to cut spending — Page 3.

All New Zealand's buying spree will hit the taxpayer — Page 5.

COMMENT

Editorial: Without Word of a lie and Brookie's View — Page 6.



Gray Mathies (above) on business development agencies and Brett Ambler attacks the borrow-pushers in the methanol carve-up — Page 7.

Letters to the Editor — Page 8.

## POLITICS

Colin James wonders if the National Party can get its act together again — Page 9.

## INVESTMENT

Securibank liquidator loses \$50 million civil action decision — Page 10.

## ECONOMY

High finance puzzle traps an unwary public — Page 11.

## O'BRIEN ON BUSINESS

Growth probe waxes between optimism and realism — Page 14.

Analysing annual accounts: General Finance — Page 15.

Export incentives take on new light — Page 16.

## LAW

Justice Minister Jim McLeay prepares for liquor reform in an attempt to gently grog's own country — Page 17.

## INDUSTRIAL RELATIONS

Bank Officers' Union steps out front in providing for nine-month maternity leave — Page 19.

## RETAILING

Saturday trading brought Retailers' Federation and Shop Employees' Union into the same bed. But the two have yet to embrace — Page 22.

## GOVERNMENT ADMINISTRATION

Surprise medical equipment announcement means million-dollar business for successful tenderers — Page 23.

## BOOKS

Dr. Erich Gellinger dives into the maelstrom with Lex Augusta — Page 25.

## MANUFACTURING

Government prescribes a mix of sweet and bitter pills for the textile trade — Page 26.

## REGIONAL DEVELOPMENT

ATI container success story sinks from southern labour — Page 27.

## MANAGEMENT

Electronic engineers attempt to streamline milk production — Page 28.

## THE OFFICE

Office accommodation too low to spending priorities — Pages 30-31.

## Overseas boost for TV news

TELEVISION New Zealand has completed negotiations that will put a greater overseas content into news bulletins.

A second satellite service is being taken on an experimental basis for two months. The cost for such a service is understood to be well over \$160,000 a year.

TVNZ also will be taking a weekly news package from CBS in the United States — a service to begin this week — plus a weekly video package from Australia.

The extended overseas news coverage is expected to enable regionally based news staff to concentrate on regional news bulletins.

The services are aimed at taking pressure off local news teams, to make regional bulletins better for local consumers.

They will also allow a better news selection for national bulletins.

Emphasis on regional news coverage is fundamental to the objectives of television's restructuring.

The 7.30 time slot for regional news is said to have been a board decision, overruling executive staff on the question.

But some broadcasters have insisted that the public has been educated away from provincial news and been led to expect good-quality national and international news.

News, current affairs and sport controller Bruce Crossan said last week that TVNZ intended, from March 31, to take a second daily satellite service from CBS on a two-month trial basis via Pacific satellite.

He declined to discuss costs. After the two-month period, a final decision will be made on the continuation of a satellite service from the United States on a permanent basis.

"There is a growing interest here in international news," he said. "Previously, overseas news had been used to 'top up' news bulletins on an ad hoc basis."

But he intended that TVNZ be more selective with international news. "This should have a beneficial effect on regional news, leaving these half-hour programmes to concentrate on their regions rather than trying to turn local into national news to help fill out national bulletins."

Each night, there will be an hour and a half of news (with national bulletins at 6.30 and 10pm and regional bulletins at 7.30pm).

On top of that will be two weekly current affairs programmes ("Eyewitness" twice weekly; "Close-up" weekly).

Crossan said the cost of the total news package would not be more than the 1979 costs of TV One and TV Two news budgets.

The corporation has always maintained it will reintroduce regional news programmes on existing staff and out of present production budgets.

The cost of mounting the 30-minute regional news programme



Design and models: Helen Follong

Photography: Ray Langley

The Visnews service will be continued.

TVNZ is also negotiating with Kerry Packer's Channel Nine to bring in a daily tape of Australian news to give better coverage of the Australian scene.

In effect, the new deals will mean 20 minutes of satellite news a day (compared with 10 now), and will give access to 30 minutes of material from Australia (10 minutes now) and 30 minutes from the United States (none now).

Crossan said he intended to beef up the news bulletins with international news.

"There is a growing interest here in international news," he said. "Previously, overseas news had been used to 'top up' news bulletins on an ad hoc basis."

But he intended that TVNZ be more selective with international news. "This should have a beneficial effect on regional news, leaving these half-hour programmes to concentrate on their regions rather than trying to turn local into national news to help fill out national bulletins."

Each night, there will be an hour and a half of news (with national bulletins at 6.30 and 10pm and regional bulletins at 7.30pm).

On top of that will be two weekly current affairs programmes ("Eyewitness" twice weekly; "Close-up" weekly).

Crossan said the cost of the total news package would not be more than the 1979 costs of TV One and TV Two news budgets.

The corporation has always maintained it will reintroduce regional news programmes on existing staff and out of present production budgets.

The cost of mounting the 30-minute regional news programme

items three to four minutes long, broadcast in the four regions five days a week.

The Auckland region, called the "Top Half", covers the area from National Park to North Cape. Taupo has little in common with Auckland. But savings might be made.

Where often there were two reporters on a job, now there will be only one.

Where there were two regional news networks, now there is one.

The idea is to run the system on the same number of staff as were previously employed by TV One and SP TV.

Some reporters are sceptical they will be able to fill the half-hour time slots five nights a week without extra staff.

The news service is being rejuvenated against a background of staff shortages.

A number of news reporters have been lost to current affairs programmes. Others have left the corporation.

The national news centre has been moved to Auckland.

Suite four in Avalon — boasted to be the most comprehensive in the southern hemisphere — was specially designed for news presentation and to deal quickly with film. It was also designed as

the news network centre for New Zealand.

But corporation chairman Ian Cross has said the news centre was moved to Auckland because the corporation believed a monolithic medium like television should be broadly based and not centralised in Wellington.

Thus the national news will be produced from a centre with its facilities some blocks apart, requiring staff to dash across the city, often in peak-hour traffic, to meet deadlines.

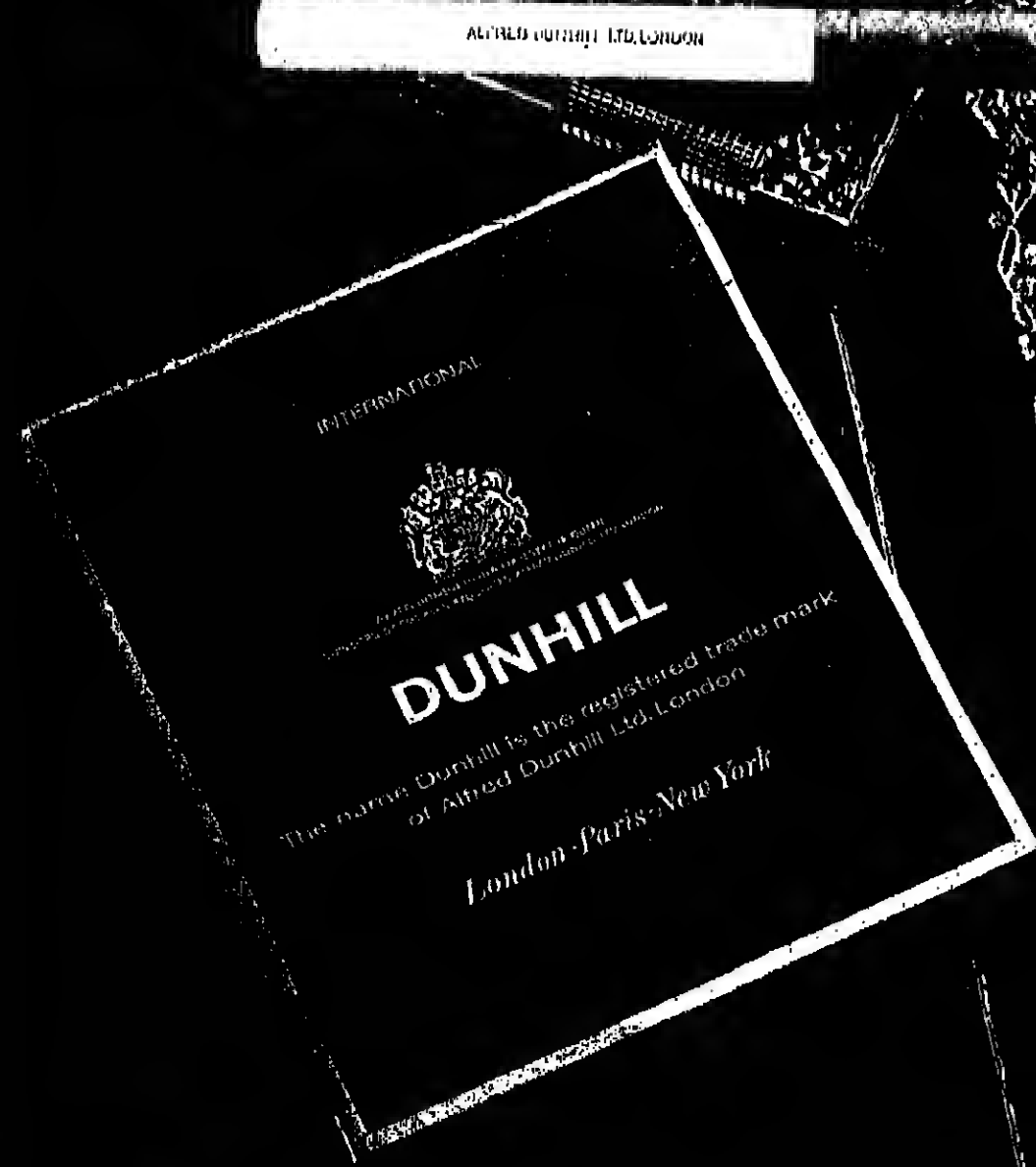
The news centre has been moved to Auckland also because people didn't want the sort of news produced by Wellington journalists. Cross has said, it was very difficult to be impartial in Wellington, and Aucklanders had a better perspective, he wrote in the *Listener*.

Under the reorganisation, Wellington has become an advertising centre (although the commercial heart of the country is Auckland), and Auckland is the news centre (but Wellington is the political heart of the country).

Ironically, TVNZ expects 60-70 per cent of the national bulletin to be provided by the Wellington-based journalists.

Continued on Page 16

Internationally acknowledged to be the finest cigarette in the world



dunhill The most distinguished tobacco house in the world.

Government warning: smoking can endanger health. Middle 10.

The best tobacco money can buy





## The week

**BUILDING:** The number of building permits for houses and flats issued in November were down 26.9 per cent over November 1978, and the value of the dwellings went down 12.3 per cent.

**UNEMPLOYMENT:** The number of people registered as unemployed at the beginning of the month totalled 28,170, an increase of 515 over the figure during the middle of January. The figure includes 715 people who became unemployed as a result of industrial disputes, and a break down of the total by districts indicates that there were decreases in the number of people registered as unemployed in 14 employment districts, said Labour Minister Jim Bolger.

**QANTAS** was forecast to lose \$30 million in the financial year to March 31. Skyrocketing fuel and labour costs, low yield fares and lower than anticipated loading factors are being blamed for the sharp turnaround from a \$22.7 million operating profit last year.

**TRADE:** An export trade record pushed the trade surplus over the \$700 million mark, in the December year. Exports were \$4551 million and imports \$3840 million (a \$711 million trade surplus). The strongest export growth was in meat (\$318 million), wool (\$183 million to \$851 million), other animal products (\$79 million to \$402 million), forest products (\$97 million to \$280 million) and manufactured goods (\$133 million to \$1.1 billion). The strongest import increase would have been in oil.

**TAXI** fare and carriage rate increases were approved by the Ministry of Transport. There will be an increase of 5-10c in taxi fares; road carriage rates will go up 4.3 per cent in rural areas and 1.8 per cent in urban.

The Northland Harbour Board is recommending a multi-million-dollar expansion of Marsden Point as a port for Northland's timber exports.

**MOUNT COOK** airlines applied for fare increases of up to 20 per cent, the third attempt in 12 months. It follows Air New Zealand's claim for a 16 per cent increase in domestic services and will be heard on March 6. Some fares will be cut by 50 per cent.

**POPULATION:** The population declined by 600 last year to 3,150,800 according to Department of Statistics figures.

**PRIVATE** radio stations, want Sunday advertising. The Broadcasting Tribunal will hear their case mid-March. The Broadcasting Corporation said it did not want Sunday advertising on its television and radio stations, but it feared that if it stuck to that policy, the private radio stations would get an advantage.

The earless day scheme would be suspended for the Easter holidays, from April 3 to April 9, Energy Minister Bill Birch announced.

The Government will try to trace about 4000 Vietnam War veterans in a further attempt to find out whether the defoliant Agent Orange caused any lasting health defects. In Adelaide more than 1000 Australian and New Zealand Vietnam veterans will try to claim compensation from the American makers of the herbicides used in Agent Orange.

**FORMER** Prime Minister Pierre Trudeau's Liberal Party returned to power with a solid majority in the Canadian general election.

**HARBOUR** Board Employees Union decided to run the Cook Strait ferries as normal from Friday - the day that management agreed to meet the union in a compulsory conference.

**EMPLOYMENT:** The number of people employed under private and public sector job creation programmes was 19,179 at February (down by 2092 on the previous month's figures). There was an increase of 339 students employed under the Student Community Service Programme over the same period making the total number 8,452.

## The week ahead

**MONDAY:** Training and Development Association meeting in Williams Centre conference room, Wellington, 5.30 pm.

28th Session of the Commission on the Status of Women, in Vienna (Colleen Dewe will represent New Zealand).

International Federation of Orthopaedic and Manual Therapists conference, in Rotterdam.

Nurserymen Association's

73rd annual conference in Dunedin.

Transport Minister McLachlan will be back at his desk after a long leave.

TUESDAY: Preliminary hearings on the lifting of price controls on a wide range of products by the Commerce Commission begins (colour TV February 26, bread February 27, fruit February 28, ceramics March 3, building boards March 4, new cars March 6).

Motor Trade Association will meet Energy Minister Birch about their petrol selling margin.

WEDNESDAY: Employers' Federation National Convention, in Auckland.

General Finance Limited's annual general meeting, West House, Wellington.

SATURDAY: United Fr. Brigades Association conference, in Blenheim.

## The business week

**Broken Hill Proprietary Co.** Limited lifted net profit by 64.9 per cent in the half-year to November 30 to AS\$147,517,000. A dividend of 15.5 per cent was paid in November.

**Collingwood Holdings** Limited has extended the closing date for acceptance of its takeover bid for Schenck Holdings Limited to 5 pm March 14.

**Conzinc Rofin** of Australia Limited clothed audited pre-tax profit for the year ending December 31 to AS\$309,148 million. A final dividend of 10c will be paid on May 1.

**Cooks New Zealand Wines Co.** Limited reported an audited pre-tax profit of \$521,916 for the half-year to December 31 1979 (\$249,017 in the corresponding period of year earlier).

**Dalgely New Zealand** Limited reported an audited tax-paid profit of \$2838 million for the half-year to December 31 1979 (up 36.6 per cent over the previous half-year). An interim dividend of 5c will be paid on April 3.

**H B Farmers Co-operative** increased audited tax-paid profit by 8 per cent to \$766,000 for the six months to December 31 1979 over the corresponding period of the previous year.

**Todd Motors** joined the National Bank in a takeover bid for General Finance. The other two major shareholders (NZ Motor Corporation and Cable Price Downer) have approved the bid, which will cost Todd Motors \$12,300,000.

**Lane Walker Rodkin** & Co. Limited paid a final dividend of 3/2c per share (7 per cent) for the half-year to December 19, 1979 (up 1/2c over the corresponding period of year).

**Leard Lense Corporation** Limited lifted net profit by 22.1 per cent AS\$9,541,000 for the half-year to December 1979. Directors expect to pay no less than A1.5c dividend for the year.

**Merbunk Corporation** Limited - the mercantile banking arm of Scottfield - is suing Melbourne-based Commodore Hotels Group for \$13.5 million.

**Motor Holdings Limited** reported an increase in audited pre-tax profit to 11% million from September 30 to December 31.

**Mount Cook Group Limited** reported a pre-tax profit of \$41,144 for the six months ended November 30 1979 (\$35,630 in the corresponding period of the previous year).

**New Zealand Light Leathers Limited** reported an audited tax-paid profit of \$37,417 for the year ended December 31 1979.

**Smiths City Market Limited** increased audited tax-paid profit by 7.3 per cent to \$34,500 in the six months to October 31.

**Ironwood Dow Limited** increased audited tax-paid profit by 117.3 per cent to \$11 million for the year ended December 31 1979. The directors will recommend a one-for-seven bonus issue from the share premium account and a final dividend of 5.5c.

## Exchange Rates

As at February 21 1980 SINZ is worth:

Australia	8832	Netherlands	1.8605
Britain	4268	New Caledonia	71.84
Canada	1.1219	and Tahiti	4.766
Fiji	8096	Norway	9.5277
Japan	237.77	Pakistan	
West Germany	1.6870	Papua-New Guinea	on application
USA	9714		25.94
Austria	27.43	Portugal	2.0831
Belgium	27.43	Singapore	7.663
China	1.4620	South Africa	65.02
Denmark	5.2548	Spain	on application
France	3.9569	Sri Lanka	4.4331
Greece	36.95		
Hong Kong	4.7660	Sweden	1.5877
India	7.7044	Switzerland	6.857
Italy	on application	Western Samoa	68.5
Malaysia	2.1077		

## The week

## Public accounts: need to control state spending

## Economics correspondent

THE December Public Accounts released last week show that the Government is unlikely to achieve any of its budgeted targets this year. Spending and tax receipts will be lower than budgeted while the deficit before borrowing may turn out above the target level. And yet the Minister of Finance, Rob Muldoon says

that "the overall position of the Public Accounts at the end of December is satisfactory." The deficit of \$1614 million for the nine months to December 1979, was below the deficit of \$1757 million recorded at the same time a year earlier. But the Government must take steps to firmly control spending over the next quarter if it expects to bring the deficit down to \$1090

million as planned in the 1979 Budget. Although the overall level of Government expenditure was slightly below the expected level for the nine months to December, receipts are further below target. Government spending has slowed dramatically, according to the December accounts. It now appears that total spending in the year to March

31 might be as much as \$200 million under the budgeted level of \$7685 million. For the first three quarters of the year, Government departments spent only 73 per cent of their appropriations. While income tax receipts have increased by a substantial \$338 million since December 1978, the gain is not large enough to ensure the Government achieves its bud-

geted return of \$4560 million. If income tax receipts follow last year's seasonal pattern, this year's collections will be more than \$260 million less than expected. Muldoon is banking on unusually large tax payments by companies and farmers during March to bring income tax receipts up to budgeted levels. Higher than normal tax payments (terminal tax payments) by state servants may also be collected in March as a result of backpay accruing in the 1979 tax year.

If the Government's revenue reaches the Budget target as a result of these unusual tax flows and government spending continues at the present slow pace, the deficit could fall below the forecast of \$1090 million for the year. Falls in spending and in the deficit are signs of a reduction in government activity. This may be satisfying to a Prime Minister pressured by party

members espousing free enterprise. For them, any reduction in the size of the public sector is a good thing because more resources are then available to the apparently more competitive private sector. But with activity in the private sector still sluggish, it may not be the best time to put laissez-faire theories into practice. At Budget time, Muldoon claimed that the fundamental aim of policy is to keep the economy on a steady growth path to provide the economic climate for restructuring in non-traditional exports.

Since the private sector has yet to show itself efficient at generating economic activity, the Government may have to carry the ball a little longer with deficit finance.

(For a more thorough analysis of the December Public Accounts, see next week's issue.)

## Govt strips off textile trade's protection mantle

by Rae Mazengarb

THE Government last week announced plans to restructure the textile industry, aimed at removing protectionism and establishing a greater efficiency and international competitiveness over four years.

The plan confirms generally to the Industries Development Commission's report published late last year (NBR, October 24).

Trade and Industry Minister Lance Adams-Schneider said the measures were designed to "capitalise on the strengths and the potential of the textile industry by removing the barriers and fabrics and other raw materials and encouraging greater productivity efficiency."

In line with IDC thinking, the Government sees the production of wool-based products, knitting and apparel as the potential growth areas. The main thrust of the Government plan is to benefit those areas.

Adopting the IDC recommendation - one of the most criticised by the wool milling industry - the Government has removed the substitutability clause which has been used to protect that sector from imports of woven synthetics.

In its place, the "predominant fibre rule" means that fabrics of 49 per cent and below of wool - now under import control - will be exempt from import licensing from July 1.

The carpet industry will continue to be protected. The proposed 60 per cent sales tax on synthetic carpets will not be introduced, but manufacture of synthetic carpets will be "actively discouraged, if necessary."

The only significant departure from the IDC recommendation involves synthetic yarn. The IDC recommended a bounty be paid on synthetic yarn, but the Government has opted to reduce tariffs to "the lowest rates consistent with New Zealand's international obligations," and exempt those imports from licensing.

Exemptions and duty reductions occur in woven non-wool fabrics, plain towels, linen, babies and young infant's outerwear.

To help the beleaguered woollen milling industry, the Government will provide \$5 million to facilitate restructuring and rationalisation of that sector.

To encourage use of the local product a bounty will be paid to weavers of woollen and worsted fabric woven in New Zealand, at a rate of 25 per cent of factory selling price, reducing in stages and finally terminating in June 1984.

Most of the IDC's recommendations on assistance for wool-based products have been declined. The IDC recommended establishment of a "woollen products export promotion committee with T & I, the sponsoring of a special programme of market intel-

## FICHHING FOR ANSWERS?



NCR's JOHN CORTESE IS READY AND WAITING TO INTRODUCE YOU TO

NCR COM SYSTEMS

The first self-contained Computer Output Microfiche was introduced by NCR. Today that system is compact, fully automatic and completely self-contained. It takes you from tape to microfiche in one easy push button step.

In fact, no one is better placed to see you get the most out of COM, whatever your needs. Even down to a comprehensive range of readers.

So if you're going over to COM, we see no problem, providing you come to us.

Furthermore, you can have the NCR COM system with or without a front end processor, depending on whether you want your computer or the system to format the tapes.

Perhaps an ONLINE COM System is preferred. NCR can tailor a Computer Output Microfiche system best suited to your needs.

After all, the same holds good for our COM services as our COM hardware. Expertise. Experience. All the back-up of a major multi-national business systems company.

For information on micrographics products and service, ask for: John Cortese, or Paul Dixon, NCR Micrographics & COM Systems Division, Hobson Towers East, Federal St, AUCKLAND. Phone 775-667.

NCR (NZ) LTD  
NCR

Making business life more business-like

## The one-stop guide to New Zealand business

New Zealand's most comprehensive business intelligence service costs only \$85.00 per year.

The 20th edition of The New Zealand Business Who's Who - the country's oldest established and most up-to-date business directory - contains detailed information about 10,000 companies and trading organisations operating throughout the country.

In the 20th edition, 800 new companies are listed and the publication has been substantially revised.

There are five invaluable cross-referencing indexes, including the very successful new index that lists all subsidiaries and associates and traces them back to parent companies.

For immediate delivery, fill in and post the NBR Subscription Service Coupon elsewhere in this issue.

## Do you succeed or fail as a manager?

If you have reached the point where you must accomplish things through others, an impressive, straight-talking new guide will alert you to the human errors which defeat two out of every three managers. Why Managers Fail... And What To Do About It, by John J. McCarthy, is a management guide with a very real difference. There are countless books containing "how to be successful" tips... this is the first serious management guide to approach the subject from the other end, the first to pinpoint the weak links in managerial approaches by looking at mistakes other managers have made. For a measure of your success as a manager as well as a taste of what Why Managers Fail... And What To Do About It has to offer, spend a few minutes answering questions from the self-test that appears in John J. McCarthy's provocative and stimulating book...

- When you are considering a candidate for employment, do you interview him for:
  - 20 minutes.
  - Two or more hours.
  - One hour.
- How many people do you have interview each applicant?
  - One person.
  - Two persons.
  - Three or more persons.
- Tick any of the following that typify your managing methods:
  - Do you consider only requirements of the position for which the applicant is being hired?
  - Do you consider requirements of the next job to which he can aspire?
  - Do you consider him for positions you must eventually fill to meet growing plans of your company?
  - Do you consider him as the eventual manager?
- Do you refuse to hire people who:
  - Wear bow ties.
  - Look like someone you knew and didn't like.
  - Smoke cigars or pipes.
- Have you read a book on interviewing techniques?
  - Yes
  - No
- Have you taken a course in interviewing?
  - Yes
  - No
- Do you find out why he really left his last job?
  - Yes
  - No
- Do you check references?
  - Yes
  - No
- Do you hire on the basis of where he ranked in his college class?
  - Yes
  - No
- If he is over 50, do you hire him on the basis of his educational background?
  - Yes
  - No
- Do you challenge judgment of interviewers (get reasons for their opinions)?
  - Yes
  - No
- Select the answer which most closely describes you:
  - Do you try to be one of the boys (with your employees)? Or
  - Do you really follow a policy of being firm but fair?
- Do you follow the Golden Rule? Or,
  - Do you try to find out what your people want?
- Do you have a profile on each employee, including such items as his hobbies, family, personal goals, prejudices, likes, birthday and so forth?
  - Yes
  - No
- Do you keep it up-to-date?
  - Yes
  - No
- Do you think of each employee as he used to be when he joined you?
  - Yes
  - No
- Do you keep informed on his growth and see and treat him as he is now?
  - Yes
  - No
- Do you lose interest in assignments after they are launched because you hate detail?
  - Yes
  - No
- Do you set up management by exception targets so you'll be flagged promptly when things first start to go wrong?
  - Yes
  - No

John J. McCarthy's Why Managers Fail self-test asks another 60 probing questions - and then rates your success as a manager. But, of course, the book does far more than this. Its principal purpose is to alert managers to the danger signals in their approach to people.

John J. McCarthy, writing from 50 years experience in the diverse fields of manufacturing, personnel management and industrial engineering, pinpoints common mistakes in the ways managers see their jobs and their staff, in the way they handle themselves and subordinates, and in the way they meet their responsibilities for planning, organising, and measuring results.

This important new management book is available only through the Fourth Estate Group. Fill in and post the coupon below. If not entirely satisfied the book can be returned within 10 days and your account will be credited or payment refunded.

To: Fourth Estate Group, P.O. Box 8344, Wellington  
Please send me Why Managers Fail... And What To Do About It by John J. McCarthy.

☐ I/we enclose \$14.00 (plus 50 cents postage/packing)  
☐ Please charge the credit card indicated below

NAME (Please print) \_\_\_\_\_  
ADDRESS \_\_\_\_\_

Driving Club Card No. \_\_\_\_\_  
American Express Card No. \_\_\_\_\_  
Visa Card No. \_\_\_\_\_  
Expiry Date \_\_\_\_\_

REMEMBER: THIS BOOK IS TAX DEDUCTIBLE  
K.N. W.M.F.I.





BNZ Forward Exchange Cover protects you from changing exchange rates.

## Dealing in Foreign Currency can be a risk— Bank of New Zealand Forward Exchange Cover stacks the odds in your favour

**When** you are buying or selling overseas, or have any dealings in foreign currency the chances are you are at risk from changing foreign exchange rates.

### No Risk

Bank of New Zealand Forward Exchange Cover protects you from the changes that happen, usually two or three times a day.

There's no place in good business for the sort of risk that might cost you thousands of dollars.

**Bank of New Zealand**  
Here when you need us—Nationwide

### You're Protected

Why take the risk when you can insure your dealings with BNZ Forward Exchange.

You can take it out at any BNZ branch. It's easy—and you'll be guaranteed you'll get what you bargained on.

If you want to know more send now for a copy of our brochure "Forward Exchange—Your Insurance against Exchange Rate Uncertainty" (or pick up a copy at any BNZ branch).

Marketing Department  
Bank of New Zealand  
P.O. Box 2392  
WELLINGTON

Please send me immediately a copy of your brochure on Forward Exchange Cover.

Name: .....

Position: .....

Company: .....

Address: .....



### The week

## Cash short as Air NZ gears for buying spree

by John Draper

**PLANE-MAKERS** Boeing and McDonnell Douglas are zeroing in on Air New Zealand for an order that the national carrier can barely afford.

Air New Zealand ideally wants a long-haul jumbo jet to reduce the number of weekly flights, twelve across the Pacific to and from Los Angeles, and so cut costs without diluting revenue.

But falling profits may make the airline's \$200 million buying spree difficult to finance without a capital injection by the only shareholder—the Government.

Airline profits world wide are on the decline as fuel and wage bills rise while passengers and Governments demand lower fares.

Qantas, one of the few airlines to make money out of last year's DC10 grounding is expected to lose up to \$30 million in the year to March.

Air New Zealand lost at least \$10 million during the grounding. Interest charges and depreciation are already biting a \$35 million chunk from the profit and loss account (without allowing for exchange losses from the devaluing dollar on loan repayments).

The airline is paying over an average of 8 per cent a year on its outstanding \$130 million, long-term loans, Qantas fractionally less.

Usually the plane-makers offer prospective purchasers attractive financing packages beginning with a 10-15 per cent deposit from the time the order is confirmed through to final payment years after delivery.

Government guarantee—despite a re-equipment pro-

gramme entirely by loans—may condemn the national carrier to years of paper losses through higher charges.

By normal public company standards, the airline is hopelessly overgeared. By state-owned airline standards, Air New Zealand compares favourably with Qantas both with borrowings 2½ times share capital. They are a safer bet than Singapore Airlines with a ratio approaching 10:1.

Re-equipping with Boeing 747s at \$50 million each and buying either the Boeing 767 or the European Airbus 310 for regional and domestic trunk services could add \$20 million to the airline's interest bill and \$12 million to depreciation charges and take the overall gearing to over 5:1.

The sums are not that simple.

As new aircraft are introduced into the fleet old ones will be sold and outstanding loans paid off.

Nearly \$100 million has to be paid on the existing DC10 fleet by November 1986.

Ideally, the first to go would be the older DC10s, which would be approaching 10 years old and be almost fully written off in the books by then.

But the DC10, though still praised by pilots, passengers and existing operators is out of favour with other carriers after three crashes causing 600 deaths. Secondhand models may be hard to sell at prices Air New Zealand is willing to accept.

McDonnell Douglas, apparently eliminated from the contest, is using the financial lever to make a strong comeback, Douglas offering to buy back Air New Zealand's existing DC10s on favourable terms and replace

them with new models incorporating the latest fuel saving devices.

Boeing, which seemed set to win the order by default after Douglas cancelled the stretched DC10, favoured by Air New Zealand, is no longer certain of an order for its jumbo jets.

Both major plane-makers, their engine-builders and other major component manufacturers, are making their final bids for Air New Zealand to evaluate.

Pilots and air crews have been consulted by the airline

on their reaction to flying Boeing 747s.

The long-haul package is the first part of the airline's re-equipment programme and will go some way to conditioning the second stage requirements.

Four hundred seat Boeing 747s will create the need for a regional aircraft capable of efficiently serving Australia and the Pacific Islands.

The existing Boeing 737s are payload restricted across the Tasman though their maker claims they are the most efficient jet aircraft for the domestic trunk route.

Air New Zealand's DC10s are long haul versions unsuited to Christchurch-Auckland hops.

Air New Zealand may choose what it will do for the next few years anyway, to operate DC10s across the Tasman and Boeing 737s to Fiji, Tonga and Western Samoa. Capital constraints may dictate that replacement aircraft—the choice between the Boeing 767 and the European Airbus 310—is delayed.

The airline has already consulted pilots on the possibility of flying the Boeing

767. The new aircraft size—larger than the existing Boeing 737 and smaller than a DC10—will test the airline's resolve to merge the two pilot groups.

An independent arbitrator is due to report next month on the seniority dispute between former National Airways domestic pilots and the long-haul international pilots from the pre-merger Air New Zealand.

The domestic pilots are demanding full integration while the international pilots want to exclusively man the big jets.

## Law Society's lapse makes practising illegal

ABOUT 200 lawyers in the Wellington district are not legally entitled to practice—either because they haven't paid their annual practising fees or because the District Law Society has not sent their names to the Supreme Court.

Technically, those barristers and solicitors are committing an offence under the provisions of the Law Practitioners Act 1955. Thus they are liable on summary conviction to a fine up to \$100.

Ironically, only the president of the society or the secretary of the District Law Society can lay the information in respect of the appropriate provision.

Because of its approach to the matter, in many cases, the DLS is the party at fault. It's hardly likely to bring prosecutions.

Legal sources say this same situation arises year after year. One lawyer said there was always a core of solicitors who were appallingly slow at paying the fees. . . . But once the money was paid over to the society, the matter was taken out of the lawyers' hands.

The society's view seems to be: "As long as the cheque is paid to us, it's all right."

Not so, says the Act.

Section 23 Reads: "(1) No barrister shall act as such unless he is the holder of a practising certificate as a barrister which is then in force."

It's the same with regard to solicitors, the section continues.

And section 23 (3) says: "Every person who acts in contravention of this section commits an offence . . ."

Practising certificates expire on January 31.

According to a Supreme Court official, by late last week certificates had been prepared for some 520 of the 700-odd lawyers in the Wellington area.

The bulk of those had been prepared only recently.

Apparently, the society waits for the cheques to build up, and when the list gets sufficiently large, sends the names along to the court for certificates to be prepared.

## Kinleith strike hits fruit export crop

THE prolonged seven-week strike at New Zealand Forest Products' Kinleith plant has created shortages of packaging materials for exports of kiwifruit, apples and pears.

Kiwifruit exports began on May 1 and it is understood the Kiwifruit Authority is concerned that there will not be enough trays to handle the

export crop.

The Apple and Pear Board orders apple boxes long in advance of the season, but shortages could affect exports of the late Granny Smith apples.

Packaging companies such as UEB Industries and AMI are expected to meet with fruit exporters this week to discuss

the shortages.

Kiwifruit exports this year are expected to be about the same level as last year, four million trays worth (last year \$35 to \$40 million).

About half this fruit was to go into wooden trays the rest in cardboard trays. Kinleith makes the cardboard and supplies the kiln-dried mate-

rial for wooden trays.

Kinleith makes the cardboard and supplies the kiln-dried material for wooden trays.

Major supplier UEB put enough cardboard aside to make 300,000 cardboard trays but probably will be asked for one million trays.

You don't close your eyes when you drive a car... so why should you when you buy one?

### TOYOTA STARLET.

Compact, low fuel consumption...  
a great economy car.

But is there enough room?  
And enough power?

It's hard to find a finer, more economical 5-passenger car than Toyota Starlet. Partly because it is so large inside compared to its outer dimensions. The cabin is 1,700mm long and 1,270mm wide, that's lots of room.

Utility wasn't slighted either. There's lots of room ordinarily, and when an extraordinary load has to be carried, the rear seatbacks fold down for up to 630 litres\* of carrying space.

The Starlet shows truly efficient use of space—just part of its overall economy. Starlet is at home on the highway too. It

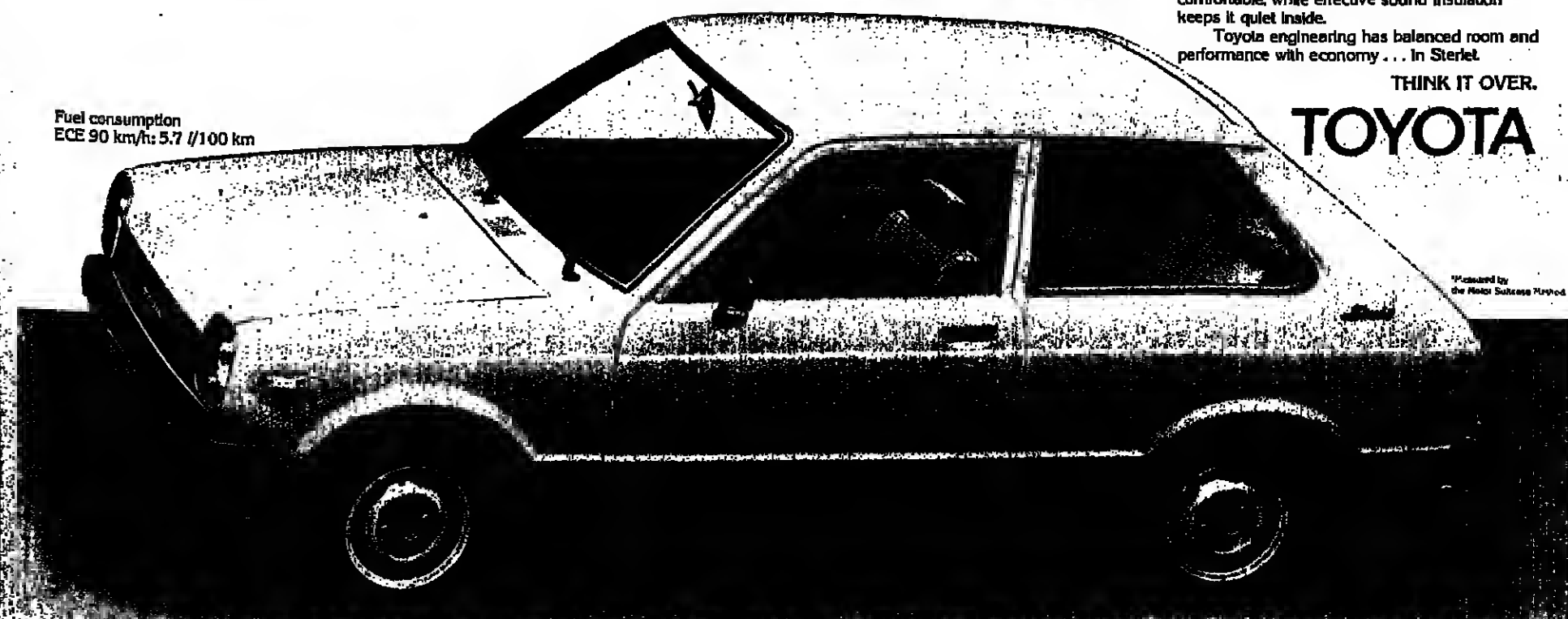
accelerates 0 to 100 km/h in 16 seconds with its 1,000cc engine. As for passing, Starlet surges from 100 km/h to 120 km/h in just 14.0 seconds in 4th gear. And its top speed of 140 km/h is surprising, to say the least.

Part of the reason for Starlet's excellent performance is its wind tunnel-developed AEROBOX styling, complete with a ducktail roof. Proper aerodynamics make Starlet more stable. And rack-and-pinion steering makes it handle precisely. Four-wheel, coil-spring suspension gives Starlet a ride that is smooth and comfortable, while effective sound insulation keeps it quiet inside.

Toyota engineering has balanced room and performance with economy . . . In Starlet.

THINK IT OVER.

TOYOTA



Fuel consumption  
ECE 90 km/h: 5.7 l/100 km

\*Measured by  
the Motor Vehicle Council



## Comment

## Editorial

THE Government has taken a bold and laudatory step in adopting most of the major recommendations of the Industries Development Commission for overhauling the textiles industry. Despite the implicit and daunting political problems of dismantling the industry, the Government has shown an uncharacteristic resolve to get in grips with an issue that has fundamental implications for the direction which the country's economic restructuring will take.

The Government previously has resisted the advice of so-called academic economists of home and foreign agencies like GATT, the IMF, the World Bank and so on, which called for an end to home protectionism and advised that we expose our industries to overseas competition to stimulate efficiency.

Our international image has appeared decidedly two-faced as a consequence. Ministers have condemned the agricultural protectionism of other countries while maintaining one of the world's most highly-protected industrial structures. After long consideration of the IDC's first major report of its type, the Government has capitulated, taking a positive step towards re-

shaping the economy.

The way in which the IDC did its job no doubt contributed to Government acceptance of its ideas. The IDC plan was mild, in comparison with that presented by Australia's Industries Assistance Commission. The Australian Government rejected the IAC's recommendations as too strong a dose of medicine. Here, the reforms were accepted, an endorsement of the more gentle approach.

Simply, the Government has called on the textile and clothing industry to foster efficient operations and to abandon areas in which it cannot compete. These objectives will be achieved through reductions in the level of protective tariffs and import licences. The Government has accepted that an industry exposed to competition will be forced to concentrate on activities in which it can compete internationally. Wool processing (using domestic raw material) is encouraged; synthetics and those fibres and fabrics that can be imported more cheaply are discouraged.

A gradual increase in the level of imports will force local manufacturers to first identify and

then concentrate on areas where New Zealand has a comparative advantage.

The aim is to rectify some of the distortions in labour and capital flows brought about by import licensing. Export industries are now less profitable than those producing for the domestic market. Some sections of the industry have been disadvantaged by the protection of other sections. Protected manufacturers force others to pay high prices for their inputs. Similarly in the electronics industry, protectionist policies force electronics manufacturers to use local solder sold to be of poor quality and costing Pye Electronics \$100,000 a year in reworking. Every TV receiver exported earns New Zealand foreign exchange, but the labour content of the solder is only about 10c a set.

There is concern, naturally, that the textile industry is a major employer of labour, providing jobs for people who may find difficulties securing work elsewhere. This particularly must affect workers in areas where there are few job opportunities — at least, at present. But the cost of protection in maintaining jobs is said to be \$6800 per employee in clothing and textiles each year — almost like paying them the dole. Using educated

New Zealanders to hem up towels is surely a waste of labour. Redeployment will mean these people are being pushed out of jobs where their abilities are of obvious value to form a pool of labour which must appeal to new manufacturing ventures.

This is a move towards the international division of labour, which lets each country do what it does best. And it is certainly a step in the right direction for our trading relationship with the Asian countries. It will encourage reciprocal trade — which they want — and provide them with the money they need to import from here.

The benefits to the local consumer by bringing in cheaper imports have been calculated at \$14 per household per year.

But restructuring isn't likely to stop with clothing and textiles. Reports on wine, packing and plastics are due by June 30. And the footwear industry seems susceptible to the same sort of treatment proposed for clothing and textiles. Thus the IDC report and Government action have set a precedent that should be watched with interest by all businesses.

Bob Ellis

## Without word of a lie

## PR people getting to the bottom of things

WE don't know in what circumstances PR men think their handouts will make a big splash on the front page. But Consultants no doubt had high hopes for a recent item sent to our office complete with illustration.

The picture showed a toilet bowl that was different from other toilet bowls because of the tubing that ran into and across it and the nozzle strategically sited "to eject a washing spray to the appropriate body region", as the PR prose delicately put it.

The product, an Adapta-hidet produced by J and A Douglas Limited, of Wellington, enables an ordinary household toilet bowl to double for use as a hidet, you see, and the unit — based on an American idea — has a patent pending here.

That spray which hits the nether regions is ejected after the chrome-plated tube with nozzle is swung out from beneath the toilet seat. And when you're finished and "the toilet is required for its traditional purposes" . . . simple. Just swing the tube and nozzle out of the way.

The cost? About \$200 for the unit and fittings, including mixer valve and taps, and up to about \$500 for installation, including mandatory hot-water cylinder.

And except for the *Plumbers' Journal* and this item, we suspect not too many publications will be sharing with you news of this boon to modern hygiene.

## Giving the drivers a clobbering

THOSE who suspect that trade unionists won't be satisfied till they've taken the shirts from employers' backs might be right.

Rob Campbell indicated the other day he would like to spruce up the image of the lads in the Drivers Union by getting them out of jeans and cloth caps and into more elegant clobber.

His ideas emerged in chat with a journalist who was waiting in the same queue at Christchurch Airport (where the ubiquitous Campbell had been pushing the cause of weekend-off on behalf of the brothers and sisters in the Shop Workers' Union).

Our journalist friend spotted that Campbell was neatly mocked in a Pierre Cardin shirt, and was crass enough to suggest it was a hit on the push side for a chap who the PM alleges feels at the more crumpled end of the left-right spectrum.

Not so, Campbell retorted — and after the next drivers' ward talks, Pierre Cardin would be standard issue for all members with the cleaning bills thrown in for good measure.

"We are sick of our blue-jenns image," Campbell warned.

## Brockie's view



## The road back for transport advisers?

CONJECTURE about Colin McLachlan's future reminds us that his immediate past has brought some cheer to the transport industry. He has been talking about road user charges.

It will be recalled that, in 1975, the National Party's election manifesto promised to re-establish a Transport Advisory Council "as the principal advisor in Government on transport matters". The reconstituted council was in the "responsible for advising on transport co-ordination and will be given a limited decision-

making role".

But at one stage, several months and some important Government decisions went by before the council was called together under McLachlan's chairmanship. And a disenchanted member publicly said the situation was "appalling".

One council meeting held on the eve of the budget in 1977, was the first for almost a year at a time when a wide-ranging review of transport was common knowledge.

But McLachlan went a long way to a Transport Advisory Council meeting the other day — to Adelaide, in fact, for a gathering of the Australian council. Our road user charges were

among subjects discussed — and transport operators here hope the subject is given more good airing on the home front when the council returns.

## Ms-directed note of thanks

THE day before TV One disappointed its general audience, a letter to staff members sent letters of thanks to staff members.

The letter to Mike Volentini, who is now Avalon sources, was addressed to Mike Volentini. And Doug Eckhoff's name was in the letter.

## Comment

## Personal viewpoint

by Grey Mathias

NEEDLESS shackles on business development are thwarting exports. The common purpose and drive that has worked so well in export development ought surely to be applied to the internal efficiency of government and business operations as well.

An exporter's daily task involves the generation of overseas funds, and while the welfare of his own organisation is often in the minds of employees, he is generating overseas funds to help our balance-of-payments problem.

But not too often, blatant disregard is shown for our national interest. Industrial disputes daily erode millions from our export earnings. It is a pity, after many years of activity, that management and workers have not laid some ground rules to prevent damage to the national interest. All too often personal pride and considerations are allowed to proceed beyond reason.

If the same effort that has been applied to our export drive could be applied to cleaning up our domestic situations, we would be far better off.

Trading philosophies are far from consistent. Producer boards for example, maintain Conference Shipping arrangements negotiated under terms laid down in the 1930s. Often the cost in the country for moving produce to the marketplace can be halved when rates are based on current world trends. I have yet to see an example of a quoted rate being higher than those under a Conference contract.

Again, some producers persist with the

single seller theory, which is totally inconsistent with our Government's attitude to international oil companies.

Recently, Energy Minister Bill Birch, indicated that 51 per cent of our oil is coming from Saudi Arabia. Saudi Arabia is offering oil direct to New Zealand, obviously bypassing the international organisations. But the Government persists in restricting our dealings to these companies — Shell, BP, Exxon, and so on. Surely even a small percentage of saving would be to our national benefit?

Huge volumes of overseas funds are used to develop and maintain our international flag carriers, Air New Zealand and the Shipping Corporation. Yet both of these organisations have poor management/worker relations, which are unwieldy and uneconomic when related to international competition.

Air New Zealand's management and staff have contributed dramatically to the erosion of overseas earnings and the airline has failed to provide any significant service to exporters of perishable products.

Like Air New Zealand, the Shipping Corporation is over-stuffed and already unwieldy, and is failing to provide any service that significantly benefits exporters. An early move was to join the Conference and thus place itself in the market on the same basis as its recognised overseas competitors.

The involvement of Government, quasi-government and producer organisations in trading and their provision of services has

reduced competition in the New Zealand market place, and destroyed our relationship to international commodity values. By virtue of our geographic location and the minuscule size of our immediate market, it is rapidly marking New Zealand uncompetitive in every sense of the word. For example, international airlines and shipping companies can include New Zealand within their framework and provide correspondingly lower service charges.

The efforts of the Meat Board to influence and control the marketing of our lamb in Britain — our traditional market — has led to a confused situation and built considerable distrust between buyers and sellers. If our trading in that area had been allowed to run its course, and had the accepted supply and demand situation been left undisturbed, this may never have happened. It is little wonder that New Zealand meat exporters and British buyers are apprehensive when the threat of Meat Board intervention intrudes on prudent marketing decisions. In this case, the functions of the Meat Board are perhaps expanding well beyond the control of orderly shipping and the operation of successful promotional programmes.

The question of productivity is continually raised. We have more of an attitude problem than a productivity problem. On one hand we have every wage and salary earner seeing less value for his dollar. But the value we had a few years ago was a little too high, and at that time we did not appreciate the true situation.

Particularly in the freezing industry we have

criticism of the rate of productivity, but very little of this is warranted. Both the freezing companies and the freezing workers have been severely restricted by increased hygiene standards laid down by overseas authorities. Unfortunately our own authorities saw fit to bow deeply to these pressures and, sadly, our Ministry of Agriculture and Fisheries inspectors have become policemen for overseas regulations. They often seem to lose sight of their own New Zealand identity, and in many cases regulations have been created and enforced that have absolutely no significance outside the country.

In the development of the fishing industry, particularly in the relationship of overseas joint ventures, considerable emphasis is placed on the benefit to our national interest. This attitude by the Government is to be commended, and hopefully in the future development of our export and domestic industries this consideration can be as important as any other.

It is unfortunate that our industry and trade has become so influenced by regulations, financing and licensing problems that the national benefit is neglected.

At the very least, a situation has been created that erodes our overseas fund levels.

Grey Mathias has spent his working life in international trade, mostly in meat exporting business. He has been trained in England and New Zealand trading companies, at one stage was seconded to the Meat Board in Tokyo, and in 1974 formed Mathias Meats Limited.

## Methanol burns while barrow-pushers rage

by Brett Ambler

THE debate over who holds the purse strings for the proposed methanol scheme will be remembered for the way in which industrialists, oilmen, service organisations and journalists took up a press battle in a classic argument on private enterprise versus the state.

It will not be recorded as an informed debate, but rather as often hysterical attempts to peddle arguments of little relevance to a world which is becoming critically short of finite resources.

Indeed no producing government can today permit any individual, or group of individuals, to dictate the future of its resources. Throughout the world the state, through its agencies, is reserving an increasing stake in all exploitation. For this reason, the BP/Petrocorp row is a "straw man".

If the "experts" who seem to be constantly in print on the methanol subject were to take time to check with both BP and Petrocorp, they would be told that a stake of about 10 per cent has been created for the state (Petrocorp) in both schemes.

They would see the discussion centres on the production and marketing of extra tonnage in the 2000 a day BP scheme.

So where is the nasty state/private enterprise issue?

What is important is the ability in firm-up a consortium package that can confidently and quickly produce and market chemical methanol, for clearly defined local and export markets at a price which is competitive and profitable.

The key in any methanol proposition is moving at the right time. The world methanol situation changes almost by the month as oil and chemical companies plan developments for the changing fortunes of the 1980s.

It is clear markets can be found in the "Pacific rim" in the next few years, with dollars to be

made by those who can move swiftly enough to have economic plans on-stream within that time.

New Zealand private and state enterprise could have been making those dollars right now, if the interested parties had not procrastinated when the first proposal was laid before them three years ago. Instead we have agonised until the 1980s with industrialists, Chambers of Commerce, mother-of-often and political journalists becoming self-appointed experts. They're all making such a good job of it that once again the situation is showing signs of becoming entrenched.

It is not helped by the fact that we still have not been told how the Government intends to use methanol as a substitute for imports. A key point in the proposition BP has put up at a great expense, centres on the supply of 800 tonnes a day, for a raft of applications, including methanol as an extender for petrol and diesel. A report from the Liquid Fuels Trust Board on such application is still awaited.

Yet in some ways the indecision over the local use of methanol (for other than traditional purposes) is a blessing in disguise when evaluating the propositions before the Government. A thorough analysis of information privately and publicly available on the export issue shows the reported "conflicting proposals" to be extremely similar.

Features of both proposals are:

- Dependency on the same (ICI) technology;
- Significant local shareholding and control of production and marketing;
- Marketing potential in the Pacific rim;
- Associated bounty from extra draw-off of LPG and oil condensate;
- Maximum New Zealand component for construction and labour; and
- Regional and national opportunities.

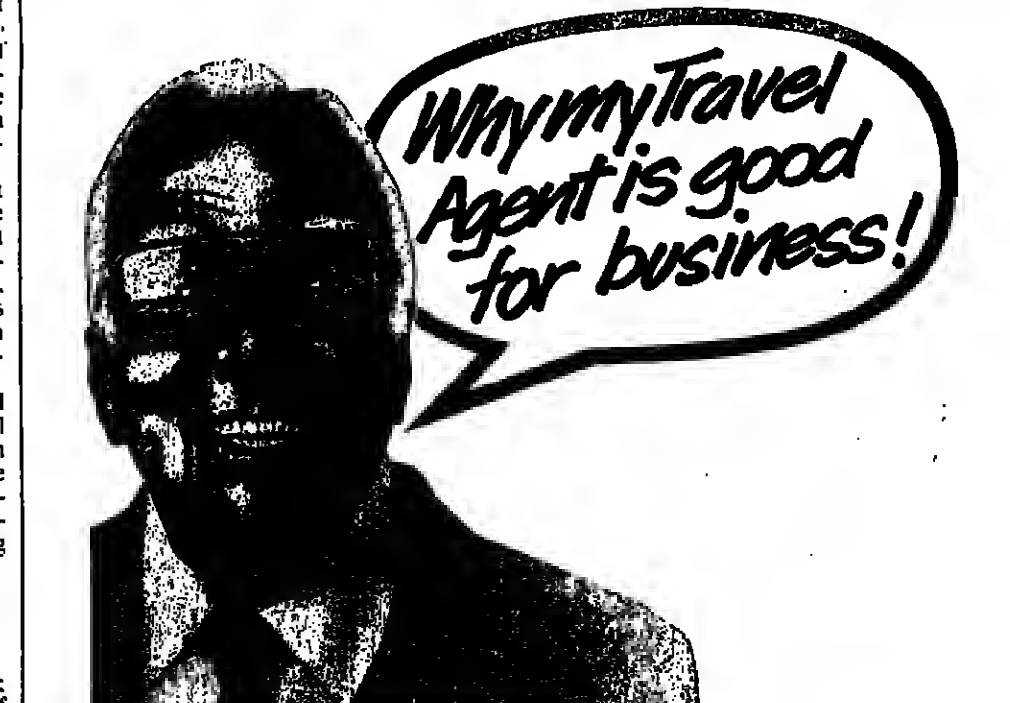
What then is required now is the formation of a New Zealand/multi-national package to get cracking producing for a thoroughly proven market within three years.

Brett Ambler is an energy commentator.

Whether that market involves the use in New Zealand of 800 tonnes a day and so the BP scheme) in order to achieve the alleged economies of scale, must be calculated against the more modest plans to provide for the 1200

tonne/day (Petrocorp scheme) export market only.

Whatever happens, New Zealand cannot permit the affair to continue to be shrouded in indecision, fantasy, secrecy and procrastination.



"When I travel, and that's often, I need to be at the right place at the right time — every time. And that's with comfort and a little time to catch my breath built in. That's why Atlantic and Pacific Travel is my travel agent. They know the special needs of businessmen, whether it be local or international travel. You can rely on them everytime. I do". Selwyn Toogood

"make my Travel Agent yours!"

Atlantic and Pacific Travel

Bonded member of TAANZ.

**AUCKLAND CITY**  
Atlantic & Pacific Holiday Shoppe,  
8 Commerce Street  
Telephone: 793.105

**WELLINGTON CITY**  
Atlantic & Pacific Holiday Shoppe,  
79 Willis Street  
Telephone: 729.539

**TAURANGA**  
Atlantic & Pacific Holiday Shoppe,  
14 Wharf Street  
Telephone: 88.022

**LOWER HUTT**  
Atlantic & Pacific Holiday Shoppe,  
Queens Road  
Telephone: 684.703

**CHRISTCHURCH**  
Atlantic & Pacific Holiday Shoppe, 118 Hartford Street, Telephone: 790.270

**NATIONAL BUSINESS REVIEW**

Published by Fourth Estate Newspapers Ltd.  
Managing Director: Reg Birchfield  
Marketing Director: Ian F. Grant  
General Manager/Accountant: Stephen Underwood  
Editor: Bob Edin  
Production: Ralph Green, Ann Taylor

**News & Features:**  
Colin James, John Draper, Rea Mazengarb,  
Bernie Gillespie, Stephen Bell, Jack Hodder.

**Contributing:**  
Finance: Peter V. O'Brien  
Auckland Bureau:  
Warren Berryman

**Advertising Sales:**  
Manager: Paul A.C.S. Loh

**Promotions:**  
Manager: Kaiti Scott

**Circulation:**  
Manager: Jan Chea

**Auckland Office:**  
2nd Floor, Levens Building  
Cnr Argyle & St. Paul Streets, Auckland  
Tel: 799.304

**Wellington Head Office:**  
Fourth Estate Newspapers Ltd.  
15 Blair Street, Wellington N.Z.  
P.O. Box 9344  
Tel: 736.878  
Cable: Nelbus

*National Business Review* (Incorporated in New Zealand) is a registered publication weekly (except for last week December and first two weeks January).

Typeset and composed by Comprint Services Ltd., Wellington. Printed by R. L. L. & Co., 118 Kapiti Road, Paraparaumu.

Single copies: 50c each.  
Subscription rates: NZ\$20.00  
Member ABC (Audit Bureau of Circulations)



## Letters

## Trading hours issue

IT IS with regret that I must again take issue with the thoroughly biased reporting of Warren Berryman on the question of shop trading hours (NBR January 28). Your correspondent is simply ill-informed.

I have no idea who gave him the information he purports to use about Wainuiomata. If he cares to check the records he will find that some, admittedly minor, area exemptions have been granted.

The area concept is very broad, and some quite sophisticated legal arguments have taken place around it. There are a large number of "areas" in the country which already have Saturday trading, and the area concept has been used to formalise some of these situations, as well as to deal with some of the specifically legal problems of market operations.

Opinion surveys on their own cannot constitute full proof of public demand, and of course public demand is by no means an automatic access to Saturday opening under the legislation.

When the Wainuiomata Merchants Association applied for Saturday trading they did conduct a survey. A smaller, admittedly less sophisticated survey was also conducted by the Shop Employees' Union. In the proceedings on the Wainuiomata case a leading sociologist, Dr Allan Levett, gave evidence which threw some considerable doubt on the validity of the survey used by the Merchants Association. An informed correspondent would have told your readers of this fact.

Berryman states that "its reference to the catastrophic effect on city retailers was not a consideration included in the Commission's jurisdiction as laid down in the Act."

In fact under Clause 20(6)(f) "the interests of the occupiers of other shops" is a consideration to which the Commission must have regard. Counsel for many applicants have accepted that this can include the rights of other retailers in nearby areas.

They have played a major role in a number of hearings, in particular in Howickville. In addition to this sub-paragraph (c) requires the Commission to have regard to "the stability, and orderly economic planning and development of any wider area".

I am certain that those who are the main advocates of Saturday trading are enjoying Mr Berryman's tirades in your paper. However they are not in any way contributing to the public debate.

Rob Campbell  
Industrial Officer  
NZ Shop Employees'  
Industrial Association of  
Workers

## Whirinaki: not a choice

OLIVER Riddell's review of conservation issues (NBR Outlook, December 17) falsely portrays the Whirinaki forest issue as a choice between saving a native forest and "destroying" the Māori community.

Māori is unlike many other communities based on the exploitation of native forest in that a large exotic plantation has been developed locally to provide the future timber supply.

Substitution of the present cut with exotic logs will begin next year and by 1985 the exotic supply will exceed the present cut. During the substitution period partially exploited native forest outside the area proposed for reservation and containing a gross sawlog volume of 382,000 cubic metres is available for logging.

Already more than half of the employment at Mānginui is based on planting and tending of exotic plantations, deer capture, possum trapping and other activities unrelated to the logging of native forest.

S Gwennifer Davis  
National President  
Native Forest Action Council

## Rail economy pros and cons

I FEEL your Transport Writer is misguided in his belief that the solution to the problem of

inherently uneconomic rail passenger services lies in a recognition of their social value and funding through a grant system. (NBR, December 17). The evidence suggests the social value of these services is not accepted by those who matter.

Support is accepted to correct balance sheet losses for: (a) Wellington Suburban Services—where losses are less than the alternative of motorway construction and maintenance, etc.

(b) Geographical necessity—for example, West Coast and Wairarapa.

I am sceptical as to whether the social obligation of maintaining the remnants of a long distance passenger service is accepted for other than reasons of current political inquiry. It is certain a loss of \$19.2 million cannot be justified because, with a few exceptions, rail cannot provide a significantly faster service than buses.

Rail today is essentially an intermediate mode of transport suitable for fast, frequent inter-city journeys. The fact that eight D.A.'s

(standard NZR locomotives) consume as much fuel as a single bus appears to cripple any change of development in New Zealand.

The fact is irrelevant—few rail services in the western world would survive if the same criterion was applied. Trainsloads of 500 people are not going to happen in New Zealand—but do we ask for a jumbo's capacity before providing an internal air service?

Inter-city passenger services are profitable in many nations. European Systems make losses because of the burden of supporting the losses on numerous suburban services. In the United States Amtrak is burdened with absolute equipment; the non-co-operation and appalling track maintenance of many private railways and excessive manning requirements.

Losses on NZR services have little to do with social cost. In fact it is the cost of: (1) Using worn-out, obsolete and inappropriate equipment. Labour intensive trains hauled by fuel guzzling locomotives are too expensive

to operate and too slow to be realistically priced. As a last ditch measure to maintain services locomotives have been scrapped on railroads. This raises cost in every area—fuel consumption is only the most blatant. Between Gisborne and Napier a D.A. uses 236.73 gallons more on every return trip than an 88-seater railcar and 350 trips a year. It means 88,855 extra gallons a year.

(2) There is the cost of the general failure to understand the role rail should be playing. It is a distinct mode—not an overgrown bus.

(3) The cost of administration and decision-making by a headless monster, slow and hopelessly unco-ordinated.

Fast inter-city services have long been possible in New Zealand. Modern railcars of 50/120-seat capacity could provide shuttle services with the advantage of city-centre to city-centre service compared with the farm-to-farm service of airlines.

Without exceeding 70 mph—it would be possible to link Christchurch—Timaru—Dunedin (4.30), Dunedin—Gore—Invercargill (2.45).

Wellington—Palmerston North (4.30), Auckland—Napier (4.30), Auckland—Tauranga (3.05), Auckland—Hamilton (3.30), Hamilton—Tauranga (3.30).

The railroads for lower operating costs and ability to incorporate higher speed modes possible a viable operation in a nation of New Zealand's population distribution. Higher utilisation and a better service is therefore possible.

Today we should be weighing up the social benefits and costs of an intended transport system based on services dependant on massive fuel consumption which is likely to continue to be subject to skyrocketing prices. When the conveniently forgotten costs of airport construction, maintenance, safety and air traffic control are taken into account it is obvious that rail services would be regarded as inherently more economic, if not anaesthetised by the logic and accountancy applied to rail services as applied to them.

R.F.F.M.  
Unemployed Graduate  
Timaru

## Politics

## Bureaucrats, spinning wheels and tangled skeins

by Colin James

JUST who is running the show anyway?

There's George Chapman saying he'll stick around for the 1981 election and adding, on private radio, that there was now a strong group of MPs and ministers carrying the party principles banner.

And there's his best mate, the Prime Minister, to whom he has just pledged his organisation's loyalty for the great battle in 1981, telling us that Petrocorp, symbol of state bureaucracy, is ahead of BP on points in the race for the methanol plant.

Everybody knows that politics is the art of the hypocritically possible. But isn't this Petrocorp gag taking things a bit far?

It would be if blacks were blacks and whites were whites. But, as usual in politics, things are not quite what they seem. It is possible to construct a

rational explanation.

Let us start with the proposition that, despite many brave and some rash words about making sure the Petrocorp bureaucrats do not get their hands on Maui gas, it has never been seen within the Cabinet as completely beyond the pale.

I quote at length from Energy Minister Bill Birch, one of the most pro-private sector ministers, in an interview last year (NBR, September 5):

"It is likely that Petrocorp will have a say in all of the slices of action."

"The Government, dealing with a resource like Maui, needs to be on the inside of the operation, particularly involving multinational companies, overseas companies for marketing reasons, and so on."

"The Government would want to be involved, to be part of the decision-making process on prices, production

and so on. Petrocorp will be playing that role for the Government."

"In addition, it may be involved as an operator and a company in its own right, if we can't get satisfactory private sector substitution."

He defined Petrocorp's role "primarily as a catalyst and in some cases it will be the group that the Government will turn to for initial implementation—and I stress initial—because it's a matter of great urgency that we get on with the task."

"Obviously something that Petrocorp will be able to do is to bring together packages and start construction and letting contracts and so on, some of the decisions as to operation and final ownership being decided while the thing is being built."

This is consistent with Birch's comment last Wednesday that Petrocorp would be in on the deal somewhere, but very much as a minority

interest in a private sector operation.

It is political realism. The MP who boldly declared to followers his opposition to the involvement of Petrocorp missed the point of the ideological debate as it has evolved over the past six months or so.

As one of the toughest of the backbenchers, Geoff Thompson, put it last year (NBR, November 5) in the context of the price-fixing Commerce Amendment Act, apparent anathema to the anti-state-involvement party mood:

"Pure philosophy must be tempered by political practicality."

In other words: purity of principles is one thing; invariably putting them into practice is another.

Ho, ho, ho, we've heard it all before. One by one, those brave souls of the 1960s went the same way, practically eventually getting the better of



Bill Birch... pro-private sector.

principle—to the point where their star performer, the Prime Minister, could be accused of socialism in 1978.

Is that what is happening now?

Well, no, not really for at least, not yet.

What has happened is that, since the heady days of the destruction of the Post Office courier service a little under a year ago, the criterion has shifted.

It is not: does this or that decision put into practice the party's private enterprise, individual initiative principle?

It is: in making this or that decision, has the Government tested the options against the party's principles?

The methanol decision, as it appeared to be shaping last week, was tested against those principles.

Men like Birch, Warren Cooper, Derek Quigley and Barry Brill are no natural friends of Petrocorp, which at times last year was treated in somewhat cavalier fashion—because it was run by bureaucrats and therefore did not fit the party philosophy.

Another example: the decisions announced last week on the textile industry.

Backbenchers I spoke to were delighted with the tenor of the decisions: the throwing of the most hopeless bits to the wolves; the relaxation of licences and opening up of intermediate processing units to competition, though with a high tariff wall; the temporary bounty to boost the indigenous-based wool-type section of the industry.

Of course, it is not a model competitive private enterprise solution and, of course, the Government is still to be heavily involved.

But it is a step in what the guardians of the party's principles—which includes those informal MP-party networks set up at the conference last year—consider the right direction.

It is another small step down the new path signposted in last year's Budget. It suggests that more small steps are likely to be taken as other industries come up for decision later in the year.

The principle is the economic one of a degree of international competitiveness and not the social one of job maintenance.

Two other examples: • A pro-competition recommendation is likely from the caucus (the parliamentary party) on town milk supply.

• Some, mostly younger, ministers are starting to look searchingly at their departments' organisation and ac-

tivities, to see where money can be saved or better spent.

Readers have probably seen enough from me on Quigley, whose thoughts and actions on the organisations under his control have been well-publicised—most recently concerning vehicle warrants of fitness and Post Office and Housing Corporation house loan activities.

So I shall cite instead Justice Minister Jim McLay, who, with his departmental head, John Robertson, has been critically examining what his department does.

He is proposing to end, hive off or modify a string of functions. Among them court registration of moneylenders, auctioneers, stock exchange members, solicitors, pawnbrokers, newspapers and printers.

McLay's swapping of the sinking lid broadsword of the 1975-78 Government for the scalpel represents a new approach by a new breed of minister.

As one backbencher said of the textile decisions, "they could not have been taken a year ago."

An indication that he was right was the near-apologetic nature of old guard Lance Adams-Schneider's press statement on the package—bending over backwards to assure those affected that their views had been carefully considered, that the Government move was "cautious," and that protection remained high.

Things have not always been going the new breed's way. Parochial interests cut across the party grain last November to give the Auckland City Council a veto on the right to auction stock.

But it is enough to encourage Chapman to say that the party's back-to-basics views are being heeded—and now even by the Prime Minister himself, who has been increasingly spouting the rhetoric of his backbenchers.

I understand that the Prime Minister has become more accommodating about the role of the party and that at this month's executive meeting his tone was conciliatory, in contrast with last year's tense affairs.

With the "join-em" shift has come on the one hand a softening of hostility among his party critics and on the other a new assertiveness on his part. In the past couple of months he has looked more like the man of 1975-78, as the NBR Heylen pool rise reflected last week.

It was perhaps his reascendancy that provoked the hysteria about Petrocorp among private enterprisers fearful of the old "socialist" stance. (Though they may have had a point. There were some blunt words in the caucus, which suggests that bits of the un-reconstructed Prime Minister may have been showing.)

So, in the words of an apocryphal Americanism, the National Party is showing signs of getting its act together.

Given the party's legendary ability to paper over cracks, this should be no surprise. But it raises questions of just how much influence the Prime Minister will be able to apply to such matters as the deputy leadership and the composition of the Cabinet.

There is a long way to go yet this year.

**MOST AIRLINES WOULD BE PROUD TO CALL OUR NEW BUSINESS CLASS FIRST CLASS.**

Our new Qantas Business Class is truly unique. It's not just a section of Economy with a fancy name, as offered by some of our competitors. You'll be sitting in a comfortable lounge chair that many airlines would be proud to have in their First Class.

The chairs are arranged in pairs, so no passenger is more than one seat from the aisle, and they're positioned in a special new section with an intimate club-like atmosphere.

Your drinks, from an extensive bar, are free to your headrest. At meal times you'll be offered a superior menu plus a selection of fine wines.

You'll use a separate "check-in" and your luggage will be tagged for special handling.

Our unique Business Class\* will be introduced on the Tasman, and other routes, on the 1st April 1980. Almost as unique as our First Class with its sleeper chairs, contemporary haute cuisine menus and new lightweight, fully wired, padded stereo headphones.

Qantas Business Class.

It costs a little more than Economy Class, but we know you'll find it a worthwhile investment.

**QANTAS**  
Qantas Business Class. You've earned it.

\*Not yet available ex Wellington.

## FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated. If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P O Box 9344, Wellington.

(Please ✓ where appropriate)

- ☐ I/We enclose \$20.00 for one year's subscription to National Business Review.
- ☐ I/We enclose \$35.00 for The New Zealand Business Who's Who.
- ☐ I/We enclose \$7.50 for The Money Book.
- ☐ I/We enclose \$2.50 for The Computer Book.
- ☐ Please bill me/us.

Name .....

Address .....

Occupation .....

Signature .....



## Investment

## Court hearing precipitates \$50 million decision

by Warren Berryman

SECURITIBANK liquidator Harold Goodman will decide by March 18 whether to join or take over the \$50 million civil action against Securitibank directors and shareholders.

The action was initiated by the Auckland Paraplegic and Physically Disabled Society which is working closely with the Securitibank investors' consortium.

On March 18 the shareholder defendants, including the two Government-owned insurance offices, will

ask the court for security for legal costs from the paraplegics.

The court hearing will consider also the question of the paraplegics bringing a representative action on behalf of all Securitibank creditors.

Security of costs is the crunch issue. The consortium's funds are all but exhausted. Legal costs, win or lose, probably would total at least \$500,000 if the case went only as far as the Supreme Court.

The consortium has been pressing the liquidator to join

or take over the paraplegic's action and pay legal costs from creditors' funds.

If the liquidator joins or takes over the action, the security of costs question and the matter of a single action representing all creditors becomes a non-issue.

If he doesn't and the court demands security of costs from the paraplegics, there seems no way they could come up with the money. Three years of work would go down the drain along with much of the consortium's credibility

and all its money levied from creditors.

But if the action went ahead without security for costs and the shareholders won the case, they could be \$500,000 or so out of pocket for a case they successfully defended.

Goodman is in something of a cleft stick. He was elected liquidator by a majority of creditors led by the consortium. At that meeting, creditors voted overwhelmingly in favour of a resolution that the liquidator be directed to take over or join the paraplegic's action.

If the consortium is not informed soon that the liquidator intends taking over the action, it has enough creditors' votes to call for another creditors' meeting and perhaps even enough support to force Goodman's hand.

Goodman, as liquidator, must act in the interests of all creditors, not just the consortium. He must be sure the odds of winning the \$50 million action are favourable before asking a further \$500,000 or so of creditors' money in a legal battle.

To make the decision he needs all relevant information he can get.

He has been promised a copy of the Edgar-Hayes report by the Justice Department, but after three years it is still incomplete.

Investigators, Chris Shaw and Mike Watson are gathering information for Goodman under the direction of his senior legal counsel, Ian Thomas.

Thomas will recommend whether Goodman should go ahead with the action. Securitibank's committee of inspection will then be asked to then approve.

It is likely the consortium will be informed of Goodman's decision later this month, both to preclude the possibility of them calling another creditors' meeting to help them prepare for the March 18 court case.

The paraplegic's action seeks redress from the shareholders beyond the bounds of the limited liability concept. In most cases, limited liability companies, its shareholders are liable up to the limits of a company's capital. Securitibank, said to have been trading at the \$100 million level, had a capital of only \$10 million.

The paraplegic's action, based on sections of the Companies Act and Corporations Act, depends on proving the shareholders knew, and willingly allowed the company to solicit and raise funds from the public at the time the company was made pay the debt on the debt.

The paraplegics allege that some major Securitibank shareholders met to discuss their company's insolvency in May of 1976 and then went on to accept millions of dollars from the public in the crash in December 1976.

It also alleges that the shareholders allowed the names to be used on Securitibank advertisements for funds thus giving Securitibank an image of security, reliability, and substance.

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

## Economics

## Economic puzzles trap an unwary public

Economics Correspondent

A READER - like most of us - is puzzled by the phenomenon of inflation and wonders why Ministers of Finance start with the preconception that our currency is worthless, then proceeds to aggravate matters with all the powers at their command?

When oil prices went up, bringing the danger of inflation, extra taxation was put on petrol to increase the danger of inflation still further and our reader asks:

"Why not take the following measures?"

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

When import prices go up, say, 20 per cent, why not increase the value of the New Zealand dollar by 20 per cent?

Our export prices would go up by only 5 per cent, so there would need to be import controls to reduce our consumption - "but we will not be importing inflation."

## What Union Company customer service means to David Stone.



When Henderson & Pollard first began exporting plywood to Australia four years ago, marketing manager David Stone soon learnt that ships were only part of the Union Company service.

"Before we even got to the shipping stage" he said "Union Company came to learn about the product we made; they advised us on their specialised packing methods, showed us how we could cut freight costs - all off their own bat."

"As a major trans Tasman exporter we've been able to depend on Union Company to ensure rapid regular service to all our Australian customers."

"Sure, it hasn't all been plain sailing, but I can say this - Union Company people have always done well by us."



every day one of our ships is in one of your markets.

New Zealand Branches: Auckland 774-730, Tauranga 53-199, Wellington 850-799, Nelson 83-014, Lyttelton 7149, Dunedin 777-201.

## DON'T LEAVE TOWN WITHOUT YOUR CONFERENCE ROOM...



OR YOUR OFFICE, DISPLAY ROOM, SIGHTSEEING SEATING, A KITCHEN, A DINING ROOM, A BAR, WASHROOM/TOILET FACILITIES, A STEREO RADIO/TAPE-DECK, AN INTERPRETER, A DRIVER...

How often have you wished for one... or all of these things, when you're between destinations or on site? So often the need for privacy, comfort, convenience and continued conference will arise. Often efficient and safe baggage handling is critical. Have you ever needed an interpreter or an informed, experienced guide? Newmans Coach Lines recognise the difficulties encountered by exclusive persons when travelling destination to destination in New Zealand. They recognise their needs, and the need to facilitate their movements. • Diplomats • Business People • Entertainers • Educational Groups • Promoters • Private Individuals

## NEWMANS COACH LINES INTRODUCE THE PEGASUS CONCEPT

The Pegasus Concept of travel was developed as a result of Newmans Coach Lines' concern for the needs of exclusive travellers and led to the custom-built construction of the Pegasus luxury coach. The coach is a versatile transporter which upholds desired standards of space and comfort.

## FACILITIES

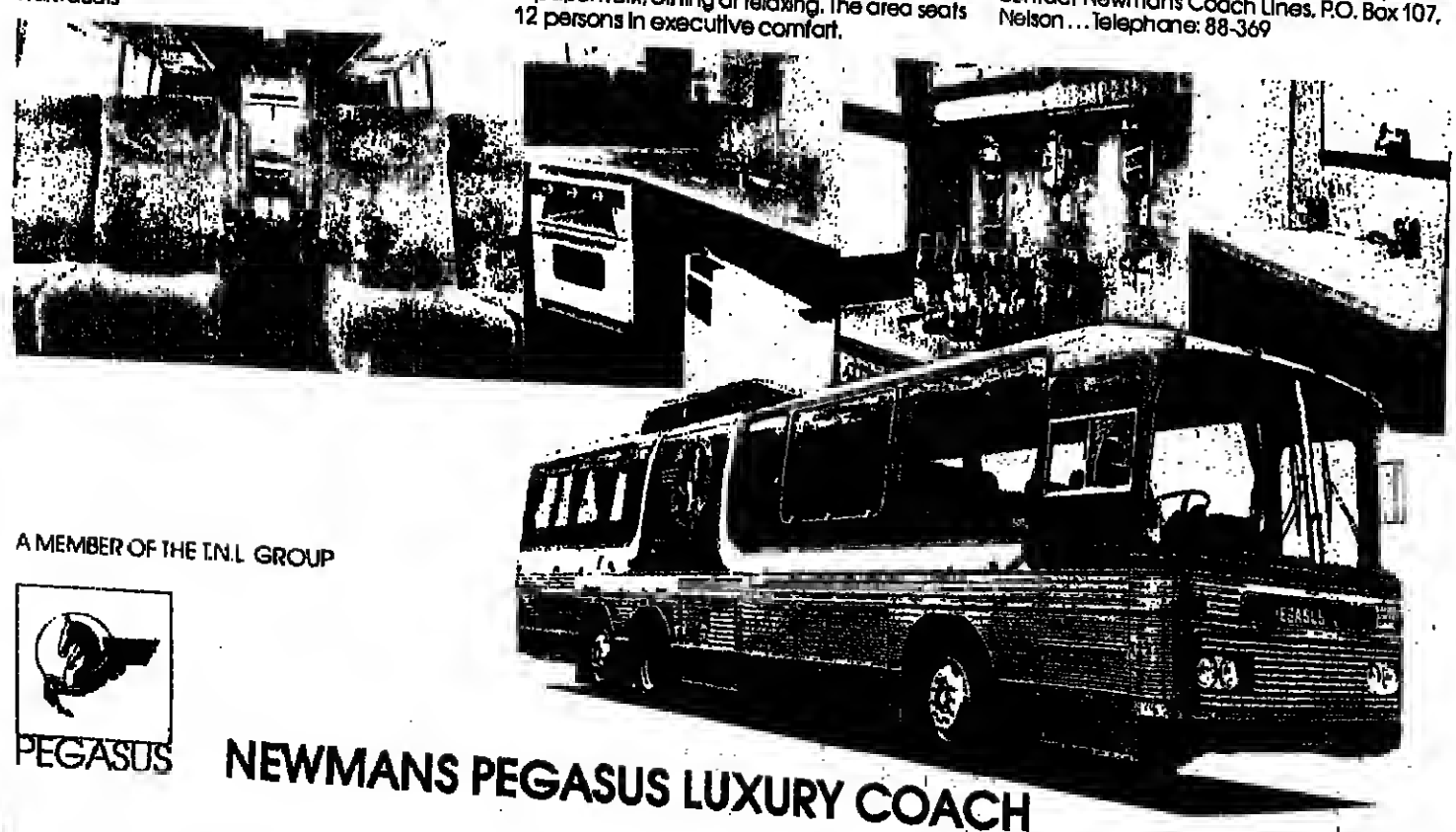
A versatile area at the rear of the coach provides the opportunity for conference, paperwork, dining or relaxing. The area seats 12 persons in executive comfort.

Comfortable sightseeing seating for 16 persons is situated at the front of the coach. Also up front is a desk and special seating for a secretary or guide.

Centrally situated are refreshment facilities, fully serviced galley, washroom/toilet facilities and built in stereo radio/tape deck.

If you're travelling destination to destination in New Zealand the Pegasus way is indispensable. Take all the people and facilities you need with you... take a Pegasus luxury coach.

If you require any further information please contact Newmans Coach Lines, P.O. Box 107, Nelson... Telephone: 88-369



A MEMBER OF THE T.N.L. GROUP



PEGASUS

NEWMANS PEGASUS LUXURY COACH

## Homemaker magazine

A MONTHLY magazine aimed at homemakers who plan to improve or renovate their homes has been released in the Whikato. Called Hometime it will have a circulation of 42,000 distributed free to every home in principle.

Waikato towns.

As new home sales have fallen, buyers have opted for existing, older homes and stimulated a boom in home renovations which now, in Hamilton, are equal in value to new home building.

Hometime is produced by Liberty Marketing which already publishes Hamilton's Magazine and Property Press.

GETTING IT ALL TOGETHER

PEOPLE PROCEDURES EQUIPMENT

IBM

WORD PROCESSING The Wider View

## INVESTMENT OPPORTUNITIES FOR THE 1980's

Hear top speakers from New Zealand and overseas on:

- Gold & Silver outlook
- Growth Stocks for the 80's
- Antiques & Fine Art
- How to Double your net worth FREQUENTLY
- Coins & Stamps
- Big Real Estate opportunities
- Rare Books/Maps/Prints

A One day seminar to be held early April in Auckland, Wellington and Christchurch.

## FREE BROCHURE

Dept A1

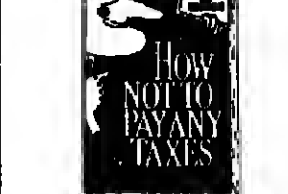
Sevens Publications

P.O. Box 820

WELLINGTON

Tel. 728-231 (24 hrs)

## AVAILABLE BY RETURN MAIL



In 80 chapters and 1,000 pages, lawyer Peter Clyne hits the tax man where it hurts - in his pocket. From the book you will learn a variety of legal (and sometimes not so legal) ways of boosting the fiscal friend.

Here are just some of the chapters from the book, and totally topical book - specially adapted to N.Z. conditions by a top N.Z. tax lawyer.

- HOW NOT TO PAY A TAX RETURN
- HOW TO PLEAD THE 5th AMENDMENT
- HOW TO DELAY PAYING YOUR TAXES
- HOW TO TURN BLACK MONEY INTO WHITE
- AVOIDANCE OF EVASION
- HOW TO KILL A TAX INVESTIGATION
- HOW TO KILL AN ARBITRARY ASSESSMENT
- THE CASE OF THE S.S. JEZEBEL
- HARD TIMES FOR THE FISCAL FRIEND
- ALL ABOUT TAX HAVENS
- HOW TO PAY 1% INCOME TAX
- HOW TO MAKE A TAX FREE MILEAGE
- TWELVE MISCELLANEOUS INCOME DIVERSION TECHNIQUES
- TAX AVOIDANCE FOR PUBLIC COS
- TAX PLANNING FOR PROFESSIONALS AND MANY, MANY MORE CHAPTERS

PRICE: \$21.00 (Post paid)

Sevens Publications

P.O. Box 820

WELLINGTON

Tel. 728-231

Please forward ..... copy(ies)

of:

□ HOW NOT TO PAY ANY TAXES

CH\$21.00

□ HOW TO SURVIVE A FINANCIAL CRISIS (110)

My cheque for \$..... is enclosed.

Please bill my VISA/BANKCARD (N.Z.)

Expire: .....

NAME: .....

ADDRESS: .....

SIGNATURE: .....

Sevens Publications

P.O. Box 820

WELLINGTON

Tel. 728-231

Please forward ..... copy(ies)

of:

□ HOW NOT TO PAY ANY TAXES

CH\$21.00

□ HOW TO SURVIVE A FINANCIAL CRISIS (110)

My cheque for \$..... is enclosed.

Please bill my VISA/BANKCARD (N.Z.)

Expire: .....

NAME: .....

ADDRESS: .....

SIGNATURE: .....

Sevens Publications

P.O. Box 820

WELLINGTON

Tel. 728-231

Please forward ..... copy(ies)

of:

□ HOW NOT TO PAY ANY TAXES

CH\$21.00

□ HOW TO SURVIVE A FINANCIAL CRISIS (110)

My cheque for \$..... is enclosed.

Please bill my VISA/BANKCARD (N.Z.)

Expire: .....

NAME: .....

ADDRESS: .....

SIGNATURE: .....

Sevens Publications

P.O. Box 820

WELLINGTON

Tel. 728-231

Please forward ..... copy(ies)

of:

□ HOW NOT TO PAY ANY TAXES

CH\$21.00

□ HOW TO SURVIVE A FINANCIAL CRISIS (110)

My cheque for \$..... is enclosed.

Please bill my VISA/BANKCARD (N.Z.)

Expire: .....

NAME: .....



## Overseas trade

## Trans-Tasman links: long-term benefits obscure

by John Draper and Cullen James

MONTHS of "scrubbing" are over for officials on both sides of the Tasman who have been preparing for the Fraser-Muldoon-Nafta summit next month.

This week departmental chiefs will meet in Canberra to find the most rewarding paths across the once-rugged hill country of the New Zealand-Australia Free Trade Agreement.

Whichever way they go, they will sooner or later encounter an insurmountable barrier - the political fence. When Nafta was born 15 years ago, the Australian and New Zealand economies were more in tune. But no longer.

During the 1970s Australia developed an industrial strategy tied to an international trade policy of importing what it is cheaper to do so and manufacturing when it is not.

Some Australian manufacturers were severely battered as tariffs against cheap South-east Asian imports dropped. The backlash wounded Nafta, specially New Zealand garment makers.

New Zealand's own industrial strategy is barely taking shape. There were signs of following the Australian lead in last year's Budget with provision for manufacturers to get import licences for components to be used in products primarily for export where the domestic alternative made the final product uncompetitive.

And the question for Prime Minister Rob Muldoon at the March summit is: Does New Zealand want to catch Australia up, with implications for domestic industrial strategy, or will it become the Australian "West Coast"?

Despite months of work by officials there are few hard figures to base any decision on. The short-term disadvantages are more easily quantifiable in terms of higher unemployment and the growth of Sydney as New Zealand's fourth-largest city.

The long-term benefits are harder to see.

NZAR understands the Australian viewpoint is to allow New Zealand to choose what it wants to do. The Australians are becoming more interested in South-east Asia as a trading

partner, though the Tasman neighbours are still each others largest customer for manufactured goods.

The Australian generosity will not make the New Zealand task any easier. Some options, a customs union for one, have already been dismissed as unsuitable and the common external tariff concept is not a favoured starter alone.

Attempts to quantify the effects of any option on New Zealand agriculture, industry and trade have been judged not worth the effort.

Lessons have been learned from such attempts preceding the formation of the European Economic Community.

What were expected to be winners have turned out to be losers, and vice-versa.

Thus, the thrust of the study, at least at the New Zealand end, has been qualitative, not quantitative: the considerations which must be weighed with each option.

Thus, the prime ministerial discussions next month may have an important bearing on the shape of this year's Budget. This applies particularly if there is a move towards a

common external tariff, thought in some quarters to be essential if a substantial freeing of trade is to be achieved.

Up to now free trade has concentrated on items in which the two countries are complementary.

The next step, so far shied at by both countries under Nafta, would logically be towards free trade in what would as a result become competitive industries in both countries - logically to be followed by a shakeout of the uncompetitive on whichever side of the Tasman they happen to be.

But manufacturers have objected that this should not occur unless they are competing on something like equal terms - in access to raw materials or components, for example.

This may seem a relatively simple problem - until the question of third countries is considered. Agreeing a higher tariff on certain raw materials produced in Australia as the price of easier access to the Australian market may not only affect the competitiveness of the New Zealand product in Australia but also

undermine its chances of success elsewhere.

The complexity of this issue is frightening.

Most politicians usually duck such questions.

But there are too many carrots and sticks for the New Zealand politicians to duck this time.

Australia is rapidly developing trade with its South-east Asian neighbours to the north - particularly the five countries in the Asian grouping (Association of South-east Asian Nations).

If Australia sees its opportunities there as greater than the prospects of trade expansion across the Tasman, it will be tempted to make trade concessions.

Scope for a closer trading arrangement in the future would thus be likely to be reduced.

This may prove, in fact, to be New Zealand's last chance for a good long while to get closer to Australian market.

On the other hand, there are opportunities for co-operation in marketing to third countries - particularly in primary products. In an industrialised world becoming increasingly beleaguered by fast-developing Korea and Taiwan, and historically hostile to free trade in agricultural products, joining forces with Australia makes sense.

Australia forced the pace with, wanting to clear up the New Zealand question before turning its attention elsewhere.

But, apparently, it has had to New Zealand to open the bidding on just what sort of new relationship should be developed where on the spectrum from doing nothing to forming a customs union and the new arrangement should fall.

Once that is done - and it is too early to say whether it will be done next month - it will no doubt be hard to gain any detail.

The question facing politicians has two principal elements - short-term cost and long-term benefits.

Officials in some departments, as are those that have "constituencies", have found it easier to concentrate on the first, which can be quantified, to some extent, than the second, which are vague, unquantifiable.

Politicians, faced with election in two years and three years after that, usually would share this view. But some of the pro-Cabinet are more concerned with ideology than short-term electoral considerations. If, as of faith is required for a decision, it is more likely to come now than for some time.

## Paper costs pushing up newspaper prices?

NEWSPAPER publishers face ever-increasing costs for raw materials.

And they foresee no immediate improvement to a tight newsprint supply situation.

According to the Newspaper Publishers Association, Tasman Pulp and Paper is about seven to eight weeks behind with deliveries.

The Printing Ink Manufacturers Association (PIMA) predicts rises in the cost of printing inks of some 20 per cent.

According to PIMA: "The source of rapid escalation in raw material costs can be directly traced to the Opec price hikes of recent times. Almost all ink-making raw materials are oil related directly or indirectly."

Current stock levels should tide the industry over for a few months, but then the increases will be felt.

Publishers have been struggling with increased labour costs, and film prices go up around 200 per cent in April.

It is not surprising there has been speculation that publishers may raise the cost of daily newspapers to around 20c.

There is also speculation that Tasman will force the issue over supply contracts to gain increases in the domestic price for newsprint.

Tasman says in its 1979 annual report: "Despite surcharges granted by the NPA in recent years, the newsprint price in New Zealand has neither kept pace with the CPI nor even with the cover price for newspapers."

The company is likely to pay even more for its raw materials. In 1955 the Forest Service signed a 25-year contract to supply Tasman with standing trees at \$0.28 a cubic metre.

This price has been lifted since then, to \$1.06 a cubic

metre. But it's still too low for the Forest Service could be asking a lot higher by the end of this year.

Some sources suggest the price could go as high as \$1.10 a cubic metre.

The New Zealand Forest agricultural correspondent recently reported that a 10,000 tonne shipment of radiata pine was due to leave Whangarei for Japan. The sale, thought to be among the first exported by farmers on their own account - was arranged through Fletcher's as its agent.

The price - \$11 a cubic metre - is expected to cause ripples around the country and could lead to an across-the-board rise in timber prices.

This must force the pace of negotiations between Tasman and the publishers.

But NPA executive director Michael Thompson said publishers were not currently involved in contract negotiations with Tasman. Nor was the subject on the agenda for the March annual meeting of the association.

Thompson said he had not heard of publishers who were thinking of putting up their newspaper costs. Such a move appeared unlikely, at this stage.

Independent Newspaper Limited group managing director Alan Burnet, noting the soaring cost increases facing the industry, said: "To rule out the possibility of a price rise would be ludicrous."

He said there were "no immediate plans" to hike prices. But it would not surprise him if some publishers were taking of such a move. "What's on today, could be on tomorrow."

INL would continue to look at the effects of inflation on looking at ways of controlling costs, specially fuel. Burnet said. The group was also watching advertising costs carefully.

## Liquor industry

## Paternalistic push for higher liquor prices

by Warren Berryman

THE childlike New Zealand citizen is thought to be out to destroy himself with booze - unless the paternalistic state saves him from himself.

And the means of saving him? Pricing liquor beyond the consumer's reach with additional tax and then conning the public into believing this added tax burden had no effect on the cost of living by removing liquor from the consumer price index so it won't show up in inflation statistics, the citizen can be saved.

These assumptions and solutions to the "liquor problem" are suggested by the Alcoholism Liquor Advisory Council (ALEC).

ALEC has been lobbying Parliamentarians with a booklet produced by research officer Jane Von Dadelzen.

Liquor interests fear ALEC's arguments might be welcomed by a tax-hungry Government anxious to reduce the deficit needed to keep Government expenditure at half this country's Gross National Product.

These interests are formulating arguments of their own. Von Dadelzen's 15-page study, distributed among Parliamentarians and other "interested parties", is a cursory look at "solutions" to liquor problems around the world - prohibition, restrictions on advertising, regulated closing hours, and so on.

Throughout the study is the underlying assumption that ordinary mortals know not their own best interests, and left to their own devices, will self-destruct on alcohol.

There is an unstated assumption that the Government has some sort of superior rationality and temperance to protect us from ourselves.

But liquor interests are taking Von Dadelzen's proposals seriously and are fielding lobbying teams of their own. (Which must further ALEC's cause: lobbying expenses will find their way into the retail price of liquor.)

Von Dadelzen has noted that governments have for centuries taxed liquor as a lucrative source of revenue. Thus the price of liquor is influenced by taxation rather than production costs.

The effect of price on consumption has been investigated more thoroughly than any aspect of consumption, she said.

Insisting that consumption is affected by price, Von Dadelzen mentions anomalous cases where liquor has not been price-elastic (such as in Ireland, where increased prices did not curb beer consumption, or in France, where wine consumption was similarly unaffected).

Von Dadelzen mentioned the possibility of increased liquor prices causing the poor to cut back on expenditure on essentials, rather than take a cut in the liquor bill.

She acknowledged that steep price increases might lead to the use of drugs, smuggling or home brew to avoid high taxes on alcohol.

But she concluded that booze prices should be indexed to the average income and suggested that increased prices through increased taxation could be made more politically palatable by

removing alcohol from the CPI.

This would preclude workers from asking for higher wages to pay the increased price of liquor, she suggested.

The Statistics Department, which produces the CPI basket of consumer goods, is working on a new basket to be completed this year.

It is understood Statistics has been asked on more than one occasion to drop this or that item from the CPI basket. In most cases those items have been subject to price increases by indirect taxation.

But, it is also understood that Statistics has resisted such requests to manipulate the CPI basket to dissuade the public from believing that inflation has not been effected by these measures.

Statistics has been made aware of ALEC's proposal to tinker with the CPI basket. Informed sources say the idea

found scant favour with the department.

And ALEC chairman Sir Leonard Thorpe has said he thought the idea "impracticable."

That brings the argument back to the question of raising liquor prices as a means to control consumption.

Lion Breweries Spokesman Des Fitzgerald said he felt pricing had some effect on consumption, but was only one factor.

Beer consumption was down 10 per cent over the past three years - down 4 per cent last year - and was expected to be down a further 4 per cent this March year, he said. This could have as much to do with New Zealand's changing drinking patterns and means of taxing different alcoholic beverages as it did with price for liquor in general.

Fitzgerald pointed out that, the cost for raw alcohol was only \$8.97 a litre if one bought cheap sherry, \$14 a litre with

cider, \$31 a litre with bulk table wine, \$70 a litre with Scotch, and \$30 a litre if bought in jugs of beer.

Beer was losing out to cheap wine in the taxation stakes, Fitzgerald said.

He said he doubted higher prices would curb consumption in the population at large. It might have a slight effect among the poorer classes he said.

Already pubs in working class areas were doing less business as evidenced by those pubs coming into Lion's overdue debtors lists recently, he said.

"We're not worried about ALEC. But are they acting in the right role? They were not set up with the drinkers' money to enforce prohibition. How much more moderate would they have us become?" Fitzgerald asked.

New Zealand Wine and Spirits Ltd managing director Doug Myers said of ALEC's proposal: "I dislike the pa-

ternalistic attitude behind this sort of socialistic moralism. Unless we relieve the strains of modern life people will continue to drink."

Myers said he doubted that liquor was price elastic, that increased prices would lead to home brew as it did in Scandinavia, and that price increases would just mean that the poor would cut back on essentials.

Government was screwing down the liquor industry with price control and increasing the price of liquor with tax, Myers said.

There is a school that holds that in times of economic uncertainty, when man feels he cannot determine his future by rational decision-making, he will turn to mysticism, religion, gambling, and liquor.

Had Von Dadelzen chosen this theory, its attractiveness to Government may have been less.



## "All I wanted was a simple retirement plan"

"All I wanted was a simple retirement plan! Enough money to maintain my present lifestyle. You would think that would be easy. I was inundated with brochures, performance graphs and advertisements that promised me no salesman would call. I ended up thoroughly confused!"

Perhaps one of them was the right plan. It only I could have spotted it. Then I was introduced to an agent from Aetna. After asking a few questions about "my needs", he produced a plan that was tailor made for me. Because he realised that everybody has different needs for retirement, different reasons for investment, he designed a plan specifically to answer my needs, with the help of the Aetna Portable Computer. (The plan was so flexible, I introduced it for my staff as well!)

## Superplan 360

Your future at our fingertips



Marketing Offices:  
Auckland P.O. Box 4399 Telephone 770-859  
Wellington P.O. Box 545 Telephone 737-159  
Christchurch P.O. Box 584 Telephone 55-933



## Report wavers 'twixt realism and optimism

**GROWTH Opportunities** in New Zealand is a mixture of development "opportunities" and a list of the country's "resources".

The latter does not necessarily include the former, particularly in areas where present technology is insufficient to exploit the resource.

The book took several months to compile, with the assistance of numerous public servants and others who gave advice and contributions, according to the foreword by Minister of Natural Development, Bill Birtell.

In agriculture, energy, horticulture, forestry, and some sections of manufacturing the survey makes suggestions about further development of existing activities and lists potential investment opportunities.

The horticulture section, for example, refers to additional

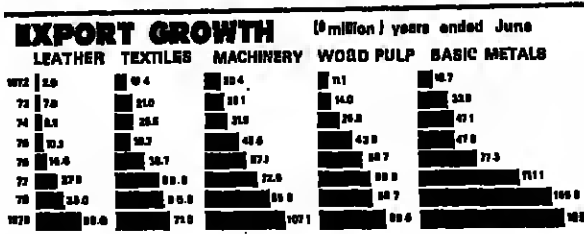
processing of present fruit and vegetable crops. The added value in export markets is said to offset the extra costs involved. Less familiar plants are given a place: "Persimmons, red guava, tropical guava, sour cherries, prunes, Asian pears, grapes, loquats and figs are some of the contenders for future exports. But the list does not end there. Melons, macadamia nuts, casava, babaco, and cherimoya are some of the multitude of fascinating possibilities."

Positive thinking is an admirable virtue, but it can also lead to the trap of under-estimation and unrealistic thinking.

The survey says that there will be a delay before the full benefits of an investment will show in horticulture, "as with any industry".

Returns for kiwifruit, feijoa and persimmons, "might be" as long as five to

**PETER V O'BRIEN** comments on the financial and business week, appraises the share market and analyses company accounts.



"Limitless opportunities" ... instill false security.

seven years. Nut trees, according to the survey "may" take even longer.

There are no "mights" or "may"s about it. Those crops will take at least the time indicated to provide a return.

Similar critical comments can be applied to other sections of the survey, although it

does provide an almost exhaustive list of resources. Whether they are "opportunities" is another matter.

A better balance between positive thinking, optimism, and a realistic approach to the resources would improve the text.

The action on minerals has

curious examples of the point just made.

Opportunities in non-metallic minerals are said to include asbestos, sulphur, the Chatham Islands peat deposits (which contain montan wax), and phosphorites.

The Chatham Islands peat deposits are "suitable" for the extraction of montan wax, but the survey fails to mention that considerable work has already been done on the deposit.

That point would not take the heat out of a list of "opportunities", but the additional information would round out the document.

A similar comment applies to the sulphur deposits near Taupo. The survey says that technical problems associated with recovery have not been overcome.

The technical problems may be overcome in future as extraction methods improve, but is this an "opportunity" or a "resource"? Detailed investigation has already been done.

We come back to the structure of the book.

The report then says "in future it may be practicable to mine these large seabed reserves" (of phosphorite nodules on the seafloor between the Chatham Islands and the South Island).

That is valid, but does it add much to a book concerned with "growth opportunities"?

The report is on sounder ground when it deals with energy prospects and manufacturing.

But the manufacturing section still uses unrealistic language.

Many of the products that could be made in New Zealand or further developed are referred to in other

chapters and the following thoughts are only representative of the "limitless possibilities" (NBR emphasis).

Official documents which refer to "limitless opportunities" are good for the public morale, but they can also instill a feeling of false security.

The country has a good future provided we can go through the next few years, reasonable shape, but only people and policies take a count of the problems, and the need to work at economic development.

Anyone who thinks there are "limitless opportunities" available, and who fails to consider other countries' policies, the need for very sophisticated marketing, technical deregulation, and ability to deliver the products on time at the price, is thinking positive and is optimistic, but also realistic.

On balance, the survey is an excellent material, some statements, and (in places) a bit of excessive optimism.

Now the job is to explain "opportunities".

Once again come back to some co-ordination on development and investment.

Both aspects of the country's future are widespread. (Even the growth survey was overseen by a committee on "Development" - Bill Birtell's words).

We have "Investment in its". "Planning Commission" government departments, national "development" councils and committees, but have to set up an "ad hoc" committee to produce a plan. Oh, for an Independent Development Commission (see NBR November 5, 1979).

## US central bankers redefine money supply

THE Federal Reserve Board - the American central bank - has announced sweeping changes in how it figures the monetary statistics used to guide its policy.

The action was prompted by many financial developments, including the creation of new kinds of money - a new type of interest-paying checking account, money market mutual funds, and automatic transfer services - that made it more difficult for the Federal Reserve to gauge money supply accurately with the old definitions.

Control of the money supply is essential to containing inflation, according to Federal Reserve chairman Paul Volcker.

Among the changes announced were:

- M-1, in the past the most commonly watched monetary statistic consisting of currency plus demand deposits (checking accounts) at commercial banks, becomes M-1A - essentially the same as the old M-1 except that checking accounts held by foreign banks and official institutions are excluded.

- A new measure, M-2, will include M-1A plus other forms of deposits that behave like checking accounts, including NOW (Negotiable Orders of Withdrawal) accounts, which are interest-bearing checking accounts available in a few states, automatic transfer services under which money moves from savings to checking accounts as needed, and share drafts, and deposits at mutual savings banks.

- A new M-2 will be added to include M-1B plus other kinds of savings deposits, including money market funds and the large deposits by institutional investors, known as "time deposits".

- A new M-3, the new M-2 plus time deposits, and repurchase agreements, will be created.

- Finally, a new measure of all financial assets will be created, including savings bonds and commercial paper.

## Analysing annual accounts: General Finance

THE takeover bid from the National Bank/Todd Motors consortium for General Finance Ltd highlights a point of financial disclosure in General's annual report.

Analysts have suspected that the value of the Group Rentals subsidiary is higher than the entry in the consolidated accounts.

The annual report, perhaps by coincidence, confirms that belief, when considered together with the terms of the offer.

Chairman A.H. Armour says the company rejected a bid of \$9 million for Group Rentals from the British company, Electronic Rentals Ltd.

"This figure was well below your directors' valuation and the price arrived at by the independent valuer".

Armour does not mention the Group Rentals' valuation in his review. There is no statement of the figure in the accounts, apart from a change to

depreciation policy on rental TV sets.

It is understood that the valuation was in the region of \$15 million.

If that assessment is correct, there is an interesting coincidence with the terms of the Black Horse Finance Ltd offer (Black Horse is the National Bank and Todd Motors vehicle).

At \$15 million (again assuming that figure is the correct "private" valuation of Group Rentals) there is a gap of \$6 million above the Electronic Rentals offer, which would be added to General Finance's shareholders funds.

Apart from business associated with rental and some leasing, there are few hidden reserves in a finance company. Term finance deals are pieces of paper with future income allowed for in the accounts. They contain interest and similar revenue at a fixed rate, and therefore the earnings

have a direct relationship to the assets.

You do not get more "production" or "sales" from a term finance deal, unlike plant and machinery in a manufacturing organisation, although you can improve overhead efficiency to some extent.

The situation changes in rental business, a point indirectly noted when General Finance altered its depreciation policy (the rental equipment is included in the books at cost, so the new "disposal values" can be taken as a hidden reserve).

General Finance's shareholders funds were \$19,304,000 at the October 31 balance date.

Add another \$6 million and we get \$25,304,000.

Black Horse is offering \$2.30 cash for the 10,905,000 \$1 shares on issue at balance date. That includes the National Bank's present holding

which will be sold to Black Horse.

Would you believe that the total offer price for "value" of General Finance is therefore \$25,081,000, almost the same as the \$25,304,000 calculated earlier?

Earnings per share in the latest year were 33.3 cents. Divide that into \$2.30 and you get 6.9, say 7, which is a reasonable multiple for a finance company.

All this may be coincidence, but whether it is coincidence or a finely pitched bid, the point remains that General Finance has a subsidiary which, on its own admission has a value higher than that given in the accounts.

The consortium is paying "goodwill" of \$6 million on the October 31 figures, although the "goodwill" is something of a misnomer in this case.

The picture after deduction of General Finance's goodwill

does little to alter the picture, because this amount relates to the excess over book value paid for assets acquired in the past.

It is interesting to note that when General Finance acquired in 1975 the balance of the shares not already owned in Group Rentals, goodwill jumped from \$118,000 to \$1,398,000.

Perhaps the various "goodwills" have a "real" value. Group Rentals' value can be looked at another way.

The ANZ bank is offering an effective \$1.75 for UDC shares (it is immaterial that the market expects at least a 25 cents "stag" gain on ANZ shares.)

The ANZ offer is approximately the same as UDC's asset backing a share, after allowance for an increase in reserves in the current term.

But UDC has only a partial interest in a rental company, so the price being paid is in line with the true value of the assets.

On that basis, \$25 million (in terms of total value) for General Finance seems to be the true value of the assets, which brings us back to the \$25 million. The rest of General Finance's accounts are straightforward, although now of academic interest because the takeover offer is certain to succeed.



## Overseas, one card can get you out of more tight corners than most.

All cards serve useful purposes. But whatever corner of the world's markets you are in, one card can be of more help than most.

The Thomas Cook Travel Services Card. In over 145 countries it introduces the holder to all the Thomas Cook Services. Like finding you a competent secretary or an interpreter that speaks your language. A Doctor if you get sick or a lawyer if you get into trouble.

You can make international calls with it. It can assist you in obtaining a new passport should yours be stolen or lost. It will help you speed up your flight reconfirmation, additional reservations and itinerary adjustments. It can get you a chauffeured limousine or a room for meetings.

But best of all, it can help provide some of these services without any charge. It is just one of the advantages that your Thomas Cook Business Travel Specialist can provide you with when you make your bookings through him.

**NEW - COMPUTERISED RESERVATIONS!** In Auckland, you get all the advantages of the new Multi Access Computer Reservation System. A direct link with airlines for immediate flight

availabilities and seat reservations. No waiting, no delays. Another efficient Thomas Cook service!

Others include the Thomas Cook Travellers' Cheques and Foreign Exchange Facilities. Fill out the coupon below for the Thomas Cook Business Travel Services Card.

In brief it explains everything. Most business men leave their Travel Agent at home. But when you take your Thomas Cook Travel Services Card with you - in effect you are taking us with you.

Fill in and send to: THE THOMAS COOK PTY LTD, P.O. BOX 24, AUCKLAND

Please send me your Business Travel Services Card:

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Thomas Cook

The trusted name in travel. Everywhere.

Offices at: Auckland, Hamilton, Wellington, Christchurch

## Dividends pay despite profit fluctuations

IVON Watkins-Dow Ltd reported an extraordinary profit result last week, and announced good benefits for shareholders.

A one for seven bonus issue, and a dividend increased from 8.75 cents (17.5 per cent) to 9.5 cents (19 per cent) should keep shareholders and the market happy.

The final dividend will be paid on the bonus increased capital, so the effective payout is 19.38 cents (20.56 per cent). The sharemarket expected a sizeable improvement in profit after a strong recovery in the first half of the year, but the final result probably exceeded calculations.

The profit was described as a profit gain of 117 per cent over the previous year. The tag is misleading (as are all references to percentage profit increases) because the company earned \$1,768,360 in the year to December 31, 1978, compared with \$2,097,591 in the previous year.

A percentage gain from a depressed position may be interesting, but it is financial nonsense when pushed into print without a qualification about the previous year.

IWD has a history of profit fluctuations, for several reasons, one of which is the company's close association with agriculture.

The profit record since the balance date was changed from March 31 to December 31 is:

Year	Profit \$
1973	808,439
1974	1,238,946
1975	710,329
1976	1,689,799
1977	2,097,591
1978	1,768,360
1979	3,843,000

The figures show that investment in the company is a chancy business if a buyer is looking for rapid gains in a particular year.

But IWD has kept an eye on shareholders' welfare, in spite of the profit variations.

The dividend was out from 7 cents a share (14 per cent) to 5.5 cents (11 per cent) in 1975 in line with the substantial profit fall that year.

It was restored to 14 per cent the following year, raised to 16.5 per cent in 1977, and further increased to 17.5 per

cent last year, although there was a profit downturn.

The latest result gives the group a strong buffer against any difficulties in trading this year.

A brief examination of the figure after allowance for the bonus issue shows the financial strength.

The shares were quoted immediately after the profit announcement as buyer \$1.75, seller \$1.85.

Taking the middle point of \$1.80 as a "sale price", the shares had an ex-bonus market value of \$1.57.

If the company maintains the 19 per cent dividend on the ex bonus capital the dividend yield would be 6.05 per cent, compared with 5.08 per cent on the day of the preliminary statement.

The earnings yield, based on an earnings rate of 49.21 cents ex bonus, would be 31.3 per cent, to give a theoretical price earnings multiplier of 3.19. The dividend would be covered 5.2 times, so the p/e multiple is low, given the company's capacity to improve its payout, assuming

that profitability in the current year is at least close to the figures recorded in 1979.

The basic analysis suggests that the shares are under-priced at the quotations listed last week, although the market may be building in some discount against the possibility of fluctuating profits in future.

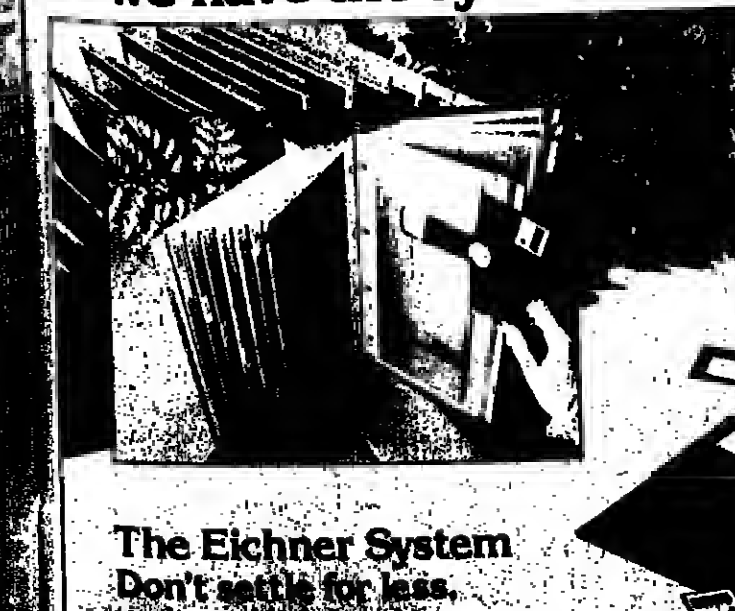
The Government's plans for the textile industry had little immediate impact on company share prices. There could be a reaction as the implications are analysed, and the effects on particular companies are assessed.

The Government will examine another paper setting out the alternative opportunities for any displaced workers, but that is incidental to the profitability of the manufacturing units.

Investment in the industry seems unwise until the overall results of the proposed changes are clarified, whether by the companies concerned, or by independent analysis.

NOTE: The writer neither owns, nor has a beneficial interest in, Ivon Watkins-Dow shares.

## Standard diskettes, mini diskettes... now that you have a choice, we have the system.



The Eichner System  
Don't settle for less.

No other diskette housing system compares to the Eichner System. It's simply the best there is. We've been keeping standard floppies alive and well for years. And now we offer the same great protection for minis.

As you know, floppies are fragile. So how long they keep performing for you depends on how you keep them. Put them in a file where they can flop around, stack them in a case where they're held up tight... and before you know it, your stored data will begin to disappear. Every product in the Eichner System is specifically designed to keep each floppy flat, pressure-free, and completely protected in its own specially designed crimped pocket.

What's more, filing and retrieval is more efficient. You get convenient side access pockets, versatile reusable color coded indexing, outguides to flag down missing floppies... and you can keep any number from 20 to 400 right at your fingertips. Easel binders, modular desk stands, wall units, rotary stands, mailers... Eichner has it all. Call or write for details. We'll gladly show you how to make the most of your minicomputer or word processing system.

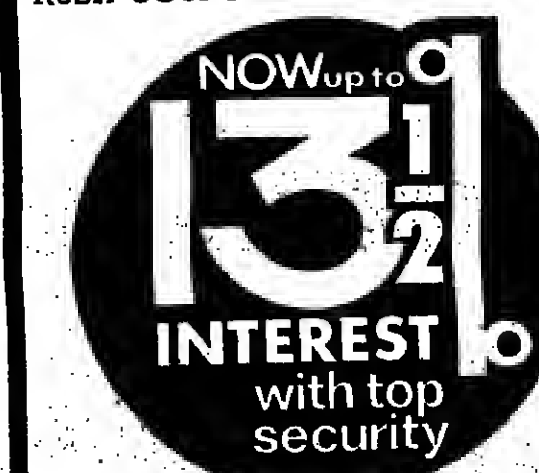
ACCO INTERNATIONAL  
(NZ) LTD.  
P.O. BOX 6362  
WELLINGTON NZ



## WELLINGTON CITY COUNCIL \$600,000 LOAN

IT PAYS TO SHARE IN THE PROGRESS OF YOUR CITY AND IT'S A SECURE SATISFYING INVESTMENT!

Contact any Sharebroker, Trading or Trustee Savings Bank or the Underwriters, Renouf & Co. Box 3648, Wellington.  
RUSH COUPON FOR PROSPECTUS!



Treasurer, Wellington City Council, Box 2198, Wellington. Please rush me Prospectus for the current Wellington City loan.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

SECURITY FROM AN AUTHORISED TRUSTEE INVESTMENT



## Export incentive scheme takes on new meaning

COLYER Watson Ltd, the commodities export house, put a new interpretation on export incentives last week.

Apparently stung a little by criticism here and in other places of the company's failure to disclose the value of its export incentive cash rebate (NBR February 11), chairman Cliff Pearce explained his company's attitude.

"As happened with the presentation of our first accounts, several financial analysts and commentators have again suggested that the export incentive taxation rebate comes as something of a bonus, implying that without it, the company's accounts would present a very different picture."

"I would like to make it quite clear, and to correct any misapprehension that may

exist on this score, that as far as we are concerned, and this applies to other firms trading in similar circumstances to ourselves, we really act as a distributive agency for what is virtually a subsidy to producers. The export tax incentive which is included in our accounts, is simply the recovery, some considerable time after it has been disbursed, of pay-outs to producers or first-owners of material coming to us, calculated into our pricing structure on the basis of our expected recovery at the later date to which I have referred. The actual quantum of this recovery we do not state, since it could have little relevance to anyone but our competitors in the trade."

"I could add that the transition of a highly complicated and sometimes fluctuating formula, depending on costs, into

a trading price structure in a competitive market place, is something of an administrative nightmare which we could sometimes well do without under today's difficult and demanding trading conditions."

There is no need to extend the debate about Colyer Watson's disclosure policies, or the effect of the rebate on the company's profitability. We had that debate at the meeting, and there is still a disagreement on principle.

(It is appropriate to suggest that the information in Pearce's address to the meeting is the type of information which should have been included in the annual report, but we now have the company's reasons, which is an improvement.)

The information on how companies view export tax incentives is the main point.

It is known that many companies build the tax incentive into their pricing policies, particularly if they are purchasing primary raw material in New Zealand for further processing, but this is probably the first time the matter has been confirmed in public.

In theory, the tax incentive is to be applied after you make the sale. The company makes a "profit", perhaps low depending on overseas competitiveness, and then obtains a tax concession which improves the net return after tax.

Now we have talk of subsidies to producers. The distinction is fine, and theoretical, because the overall returns of a company must be reflected in its pricing policy.

But the point has practical relevance in terms of trade relationships. Altering the internal tax

structure as a reward for export performance is unlikely to raise too much heat in other countries, although the policy could be seen as a form of indirect subsidy.

Changing a price structure to reflect a tax incentive may be a different matter, particularly if the effect is direct, rather than indirect.

That is one side of the theoretical argument, but one which misses the dreaded thought of dumping.

The other side is again a fine distinction. The Government is not providing cash at the time of sale, which would be a direct price subsidy.

As Pearce said, "... the recovery, some considerable time after it has been disbursed of pay-outs to producers or first-owners."

The Government has no direct concern with what an exporter does with the incentive, although it is interesting to hear the incentive referred to as a producer subsidy.

rather than a boost to a manufacturer.

A direct subsidy to a producer for primary products exported overseas is in a different category.

The situation that Pearce described is an incentive to the export of goods manufactured from that primary produce, while some manufacturers treat it as a pricing formulae as an indirect subsidy, irrespective of how the administration is at it.

This is a question which probably waits off a academic debate. It is a ready-made subject for postgraduate thesis in economics or accounting.

It has relevance to the system of "band" export incentives which came into effect in 1983. Exporters have an option to shift from the system before then.

Will the new system result in a change of formulae, subject to the protective state of our markets?

## Unions unite to develop strategy on technology

by Ric Orom

UP TO 150 trade union officials could attend an "All-Union Conference on Technology" in Wellington this April.

The two-day meeting has been called to discuss in detail the likely impact of new technology, and to develop a union strategy to control its introduction and use in the interest of workers.

The strategy will be put to the Federation of Labour and Combined State Unions for endorsement — effectively establishing union policy on introduction of new labour-saving devices.

Late last year, twelve unions met to consider a draft report on what is being called the new industrial revolution. That meeting called for a top level conference.

They concluded that the advent of new technology "threatens the trade union movement with a possible crisis greater than it has faced before."

The new machines, micro-computers, reduce office staff, banking and insurance particularly by up to 40 per cent, according to union estimates. They want to protect jobs, share in the increased productivity.

The conference, on April 10, will feature two days of speakers, Professor F. Wheelwright, from Sykes University, and his research assistant Greg Crough.

The FOL and CSU will make their mark, with President Jim Knox opening the conference, and Chairman David Thorpe closing it.

The delegates will be presented with a draft of principles on how to handle new technology, and the days will be spent discussing these and formulating a strategy for the FOL and CSU adoption.

Continued from Page 1

The shift to Auckland has created some administrative hassles.

"Worldwatch", the international news programme, was shifted from SPTV to Network One. Now it will be produced in Auckland and transmitted from Wellington.

The programme purchasing department at Avalon will find out what overseas film is available. This information will be phoned or telexed to Auckland.

Auckland staff will decide what it wants, then phone Wellington. The video tape will then be sent to Wellington for transmission. Should Wellington airport be closed — as it often is — the programme can be sent down on TV's microwave link.

In strict rational terms, the programme might be more cheaply produced in Wellington but that involves staff problems and/or moving expenses.

One of the main objects has been rationalisation, and thus

economies. Cross has said programme plans will mean much higher level of productivity will be achieved from the same staff and facilities.

The Broadcasting Corporation lost almost \$1 million in the March 1979 financial year, compared with a surplus of \$4.1 million the previous year.

In the last year of the old system, more than \$1.25 million was slashed from production budgets.

According to some estimates, at least \$2 million more will be needed to restore TV production output even to 1978 levels.

But this year the corporation expects to increase revenue from TV advertising by 15 to 20 per cent.

Ad agencies suspect the 20 per cent increase in revenue may come in the form of rising rates for advertising.

## Law

## Liquor reform: gentrifying grog's own country

by Jack Hodder

"THE attitude of many New Zealanders to drinking is ambivalent and somewhat immature". So said the Select Committee on Violent Offending in its December 1979 report.

The same can be said of our liquor laws. But this year, according to Justice Minister Jim McLay, there will be "a certain concentration" on amending those liquor laws.

That news will be welcomed by many, not least the Licensing Control Commission which has called for a complete rewriting of the licensing laws in its last two reports to Parliament.

Since 1976, when general ancillary licences were provided for and a general lowering of the drinking age to 18 was defeated, the only substantial change to the liquor laws has been the empowering of licensees to refuse entry to unsavoury types and to close bars when things start getting out of hand — a by-product of the Northland gang violence of last year.

The proposal for legislative action follows the release last year of the reports of the Accommodation/LiquorLink Inquiry Committee and of the Select Committees on General Ancillary Licences and on Violent Offending. The recommendations contained in these reports will probably form the basis of legislation to be introduced by McLay.

Just what will happen to such legislation is not easy to predict. Liquor laws are regarded as matters of conscience, with MPs having a free vote and a lack of guidance from the party Whips, (a dubious recipe for coherent legislation) demonstrated by sporadic abortion debates of recent memory.

This nonpartisan parliamentary vote is one of two constitutional oddities produced by the longstanding liquor debate. The other is the triennial referendum, the licensing poll held in conjunction with the general election.

The last poll provides a basic platform for the conscientious MP's deliberations: prohibition (perhaps the nearest solution to complex liquor

laws) attracted 252,154 votes; state purchase received 374,194 votes; and national continuance carried the day with a convincing 1,053,268 votes.

Our conscientious MP will also find that New Zealand drinking is in a confused state. On-premises consumption has been badly hit by the rocketing cost of petrol and of blood/alcohol convictions. General ancillary licensees have mushroomed.

Total beer consumption has declined for the first time in two decades maybe due to the departure overseas of significant slice of the consuming population. There are many voices, the best funded of them, the Alcoholic Liquor Advisory Council, spreading the word that social and medical problems relating to alcohol are directly proportional to per capita consumption and that the gentrification of drinking habits is overdue.

The major text that our conscientious MP (whose resemblance to any person, living or dead, may be purely coincidental) will study is the report of the Select Committee on Ancillary Licences.

General ancillary licensees were first provided for in 1976 and intended to cover a variety of situations where liquor supply would be incidental to another activity.

The Licensing Control Commission was overwhelmed with applications, many from sporting clubs, and its cautious approach (upheld by the Chief Justice in the Pirrama Rugby Club case in May 1978) provoked protests which led to the establishment of the select committee in October 1978.

The select committee concluded that the sports clubs' complaints about the ancillary licence were justified. It recommended a new "club licence". This would enable any club in existence for more than two years to sell liquor during hours authorised by the LCC to all members and guests, irrespective of their participation in any principal activity.

A separate "proprietary club licence" was recommended to enable country clubs and the like to enjoy similar rights. The committee had in mind the difficulties of

the Ohariu Country Club near Wellington.

The presence of a profit motive took it outside the scope of a chartered club licence and it applied for a general ancillary licence failed in the Supreme Court in March 1979.

The committee also recommended the introduction of "community cafe licences". Such cafes would be small (up to 50 people), in the nature of a coffee house selling liquor, with food and non-alcoholic drinks readily available, perhaps suburban and possibly in garden settings. And it recommended that Parliament reconsider the question of reducing the drinking age to 18. At the same time that the Select Committee on Ancillary Licences was hearing submissions favouring an increase in the number of licensed liquor outlets, the Select Committee

on Violent Offending was receiving submissions that the liquor laws not be liberalised and that the number of licensees not be increased. The later committee was told by the police and the Justice Department that "the combination of alcohol, overcrowding, and loud music now found in many hotels is conducive to violent behaviour".

The Select Committee on Violent Offending did not make any broad recommendation. It did recommend a trial meal break in licensed drinking hours on weeknights to assess whether such a break would improve drinking habits. It also thought that an extension of the present 15 minutes drinking-up time might be tried. The third text for our still conscientious, if weakening, MP is the Accommodation/Liquor report. This inquiry was established in response to protests from suburban licensing

trusts at proposals to extend the tavernkeeper's levy for their outlets.

The levy (3 per cent of liquor turnover) was introduced in 1961 as the price payable for the privilege of providing liquor without providing accommodation. The proceeds go to the Hotel Investment Account.

This committee, like the 1974 Royal Commission, could find no alternative to the accommodation/liquor link as a provider of loan funds to meet the need for accommodation.

It felt that, with the proliferation of liquor outlets not providing accommodation, the levy on taverns was unfair and recommended its replacement by a levy at source on all liquor manufactured in or imported into the country.

It suggested setting levies

which would yield approximately \$4 million a year (three times the present tavern levy) and that the monies be vigorously employed in the building, extension and upgrading of hotels and motels with four party capacity and restaurants. All of which could add up to a substantial piece of legislation.

It would be possible to go on and mention that the issue of Sunday liquor sales may be reopened, that McLay's 1979 speeches referred to relaxing licensees' obligations to keep their premises open at set times and that the Licensing Control Commission wants a drastic overhaul of the present law which allows local polls to delay and frustrate the establishment of smaller liquor outlets.

But it would perhaps be better to leave our now exhausted conscientious MP — contemplating the joys of abstention.

**KEYLOCK**

**The pallet racking system that keeps pace with every step of a possible 3-stage expansion plan**

Hamilton Perry storage—as your NEEDS alter, your RACKING alters!

Whether a storage system is being designed for your present premises or a brand new complex, it's still most important to keep future expansion plans in mind. You'll save time and money by making your initial installation a Keylock 3-stage system from Hamilton Perry Industries Limited.

Why settle for anything less than pallet storage racking that not only keeps pace with constant streamlining at your methods but also allows extensions and alterations anytime the need arises. Here's an example of Keylock 3-stage planning:

**STAGE 1:** A convenient and economical installation, efficiently serviced by counter balanced truck.

**STAGE 2:** A change to narrow aisle racking with suitable reach truck when volume increases and high-bay handling becomes necessary.

**STAGE 3:** This move to a complete narrow aisle system, with fully guided turret truck operation. This ultimate in storage is extremely fast and functional, because the driver has no directional driving problems and the truck loads sideways instead of forwards.

**MOST IMPORTANT OF ALL, NO REPLACEMENT OF THE INITIAL KEYLOCK RACKING IS REQUIRED TO FACILITATE ANY OF THESE CHANGES — and even if a complete change of location takes place, all the racking can still be dismantled and relocated.**

THIS NEW KEYLOCK INSTALLATION WAS ESPECIALLY PLANNED TO ALLOW DRIVING FROM AISLE TO AISLE UNDER THE RACKING — it's a practical method of obtaining considerable extra storage capacity without changing the present operating system.

**It's bolted, NOT welded**

The bolted brace construction of every Keylock installation is a major reason behind its adaptability. THERE'S NO WELDING OF ANY UNIT TO ANOTHER, so changes to the plan, or removal and replacement of any damaged section, cause much less disruption and far less cost.

**so it's easily adjustable!**

With no welding to restrict you, your uniquely designed Keylock storage system guarantees SHIFTS & ADJUSTMENT OF BEAM LEVELS, FRAME HEIGHTS AND DEPTHS. Any alteration to stock volumes or packaging are easily accommodated — in fact, it's racking "shifted into" to both your present and future needs!

**EXTRA SAFETY**

**Interlock Beam Connector**

This is the new interlock beam connector that locks beams together to prevent accidental movement. It's a safety feature that's built into every Keylock installation.

**Hamilton Perry STORAGE SYSTEMS**

Hamilton Perry Industries Ltd

## A smart secretary has 3 ways to get your New Zealand Hotel Motel Bookings.

- 1 Call Instant Freeline, Auckland/Wellington/Christchurch. They have 150 Hotels/Motels in their system.
- 2 Ask Air New Zealand to book your accommodation when your Secretary books your flight. The 150 Hotels/Motels in the system are all in the airline computer.
- 3 Call your Travel Agent — they use our service extensively — they're smart.

If your Secretary is still ringing around, it's costing you money — show her this message.

**INSTANT FREELINE**

Auckland Phone 794 660 Telex 2341  
Wellington Phone 850 754 Telex 3094  
Christchurch Phone 792 611 Telex 4835  
In provincial areas, phone Air New Zealand and ask for Freeline.

**FORD**

**FALCON**

*the ultimate in utility virility!*

The ultimate in utility virility. That's exactly what you get when you move into new Ford Falcon. You get dramatic new Falcon styling. An excitingly large glass area, including coupe style opening side windows. And a unique combination of power, good looks and workability that make this the coupe d'ute of our time.

Add this to car-like comfort, ride and instrumentation and you get the equivalent of two vehicles for the price of one!

New Ford Falcon Uta is a totally uncompromising machine. Limited slip diff is standard. There's power plus economy from Ford's unsurpassed performance 4.1 litre engine. There's a full 750 kg of rugged carrying capacity. And the extra durability of a heavy duty steel floor.

Of course as you'd expect with a new Ford there is a full list of standard features that in others are expensive extras. Just ask your Ford dealer to point them out.

When you see new Falcon you'll see why it is indeed the ultimate in utility virility. One thing's for sure, this is in no way just another Uta. It's a totally superior way to go to work.

**FORD FALCON UTILITY**

**as tough as our customers**

Ford Motor Company of New Zealand Limited. Specifications and prices subject to change without notice.



# The Corona Challenge to company car buyers.

Compare new Corona with any car in its class.

Compare prices!

New Corona - 5 models from

**\$9,100**

TRY AND BEAT THAT!

Compare performance!

New Corona - top speed 160km/h. Zip from 0 to 100km/h. in just 15.4 secs.

HOWS THAT?

Compare economy!

New Corona XT (featuring the brilliant 3-T 1800cc engine) has achieved, in independent tests, a remarkable 39 m.p.g.\* (7.2 litres per 100 kilometres)

(\* Motor World Magazine April/May 1979)

TRY AND BEAT THAT!

Compare new Corona any way you want... with any car in its class! We say you can't beat it for price... you can't beat it for economy... you can't beat it for performance... you can't beat it for classic design... and you can't beat it for reliability.

GET INTO YOUR TOYOTA DEALER NOW. COMPARE FOR YOURSELF  
Act now. Fleet deal prices will never be better.



## Industrial relations

### Workers toing and froing: a taxing issue

AS communities expand, getting to and from work can become a full-time job in itself. Workers today cannot live close to their workplace and transport costs are soaring.

There are arguments that the average-paid worker no longer has to labour so long to pay for a car as they once did, and that because wage increases are often related to inflation rates (the Consumer Price Index takes into account the cost of transportation) travel costs are already paid for.

The Inland Revenue Department follows overseas practice in denying transport costs as a deductible item.

The department will allow

travel to and from work as a deductible item only if the employee is required to use his vehicle as part of (and during) daily employment.

Travel is not a new issue for unions and employers. In 1899 the Arbitration Court provided in the Auckland building trades award that the employer should pay for time spent walking between the shop and site, or provide the cost of transport.

In 1949 the Auckland Carpenters Union was deregistered over a strike for travelling allowances. But it was successful in gaining extra paid time for suburban work.

A dollar a day travelling allowance was campaigned

A ONE-MAN commission of inquiry into travel allowances and whether they should be taxable, has completed its hearings and reported to the Government.

The inquiry was set up by Government after an argument as to whether travel allowances received by some Air New Zealand staff should be taxable. The Inland Revenue Department decided that the allowances should be taxable.

The Federation of Labour was called in as industrial action threatened. The commission was established.

In this second part of a two-part article, Eric Oram looks at the industrial relations and moral aspects.

for from late 1974 by Auckland drivers and storemen. The Federation of Labour conference in 1975 gave the national executive the job of obtaining it on a national basis.

The FOL failed. And the next year it was handed back to individual unions.

The Meat Workers' Union was the first to have a go. After a series of strikes the matter was referred to a committee of inquiry, which apart from ordering allowances for workers who start or finish outside normal working hours gave nothing.

The Employers Federation told the recent commission of inquiry that from time to time there are various claims, mainly monetary, for travel allowance. Employers resist them, and federation policy is that they should.

The federation said such claims are seen as a way of increasing pay by an alternative means but not all employees resist.

The Labour Department had a look through awards and agreements and found that of 771, just over half had some travel provision - mainly for outside normal working hours.

The federation thought there was a case for the allowance to be tax deductible, but not so the State Services Co-ordinating Committee (representing the Government as an employer).

It told the commission that individuals should pay out of their taxable income the basic cost of arriving and leaving work. But it admitted, that employers should bear any additional costs incurred by employees at their employer's convenience.

The Employers Federation agreed with the CSU on something else: It suggested that if travel allowances were made taxable, unions would seek to make up that loss of income by asking for higher allowances. Employers would presumably seek to recover these increased costs in prices.

The CSU said that if the allowances were taxable, unions would press for the tax to be incorporated into new allowance levels "so that the employee's position is no different than before the tax was levied". And it went further, saying that if expenses of getting to and from work were taxed the employing authority would probably be asked to provide free transport to and from work.

Just about everyone pointed out the moral issue: to the commission.

There is no denying that employees see the provision of a car as a good way of avoiding a higher tax bracket yet having more spending power in the pay packet.

The average car nowadays costs about \$2500 a year to run. That can be equivalent to \$3000 earned income - because half could go in income tax. So many are prepared to earn a lower salary if a car is provided for seven days a week.

New Zealand is not alone in this. A survey by the British Institute of Management shows that 99 per cent of 466 companies which participated in the survey provide cars for executives and salesmen.

In its submissions, the FOL

pointed out that it is almost a universal practice here, and it would be surprising if it did not increase as energy costs continue to rise.

Then the morality of it: if workers see company cars go untaxed (and most company cars would be used for private motoring as well as for business) while their allowances are taxed, they will see the taxation system as unfair - "and this will only lead to increasing industrial strife".

The Engineers and Clerical Workers' Unions added their voice: in as much as travel expense is already allowed as a deduction in the case of commercial travellers, business executives, parliamentarians and others, it would be seen as appropriate for equivalent allowances for the workforce as a whole to be non-taxable.

The CSU said it was not appropriate to tax the allowances because they are only one means by which transport assistance is given to employees. It is wrong to apply tax to people who receive emolument in the form of money when emolument in the form of a taxi to or from

work or a car provided by the firm, are exempt from tax.

It told the inquiry that unless all other forms of transport assistance were to be taxed, equity demanded that allowances be tax-free.

The Employers Federation said that executives did have cars, but often because their working day was not narrowly defined and working at home was not uncommon. It was often seen as an advantage by the employing firm to have key personnel freed from timetables and limited routes inherent in public transport.

Be that as it may, the federation concluded by saying:

"To achieve a standard approach to taxpayers, the federation recommends that this commission call for legislation providing that all travel allowances be tax-free (and that the commissioner, with the guidance of suitable legislation, be the judge of what is bona fide travel allowance)".

It is not known yet what the commission of inquiry's report to the Government recommends. But evidence put to it was validly for travel allowances to be tax-free.

STOP

GO

THIEF!

Now with electronic detectors, you can stop him in his tracks, before anything is taken or damage done. Harding Security Systems use a range of electronic detectors to provide maximum protection for all types of premises, public, private, commercial and industrial. The method of protection and security cover depends on the risk factor, the type of situation and building construction. Systems are simple to install. In principle, large areas of the space inside a building are filled with radio or sound waves, infra-rad sensors or beams. Any movement of an unauthorised person is picked up, recorded and the alarm circuit is automatically triggered. Sounding alarm systems do successfully deter intruders but silent alarms linked to a monitoring station give police early warning.

Every part of a premises can be secured, inside and out, using protection and warning devices for doors, windows, fences. As well as surveillance equipment, including a full range of closed circuit TV and cameras, access control systems ensure only authorised people can gain entry to premises.

STOP-THAT THIEF NOW  
WITH AN ELECTRONIC SECURITY SYSTEM FROM:



Auckland Phone 787-186; Wellington Phone 686-088; Christchurch Phone 63-708; Dunedin Phone 778-988; Invercargill Phone 83-858.

hille-

nobody does it better.

Zip

Commercial Interiors

DIVISION OF ZIP HOLDINGS LTD.

14018



# Costly TV spread takes off on skinny staff

It's too soon to tell if Television New Zealand is the promise that Ian Cross made a year ago.

Apart from a lack of style on the new One and Two, there's little evidence yet of what we are about to receive.

Behind the unimaginative scene, however, is a different story. Apart from staff unrest and disquiet among some commercial organisations, there are signs of imbalance in the approach being taken toward the overall local production output. And the regional magazine programmes are the large flies in a very small jar of ointment.

With minor differences, the four regional programmes share common basic requirements. But Wellington is the prime case of trouble at mill.

From the outset, production teams there have failed to attract experienced staff to their ranks and the problem grows.

Fred Cockram was appointed as regional editor. But a few weeks in the job made him change his mind; he quit the post.

There were no applications for the job of producer, so wooing and coercion was applied to a number of staff producers, all bar one maintaining a safe distance from the job. The final appointment is a relatively junior producer who took the job not because he wanted it but because he had no choice.

A prime source for reporters was the regional news area. But once plans became more positive for the new programmes, many of these reporters quickly found jobs elsewhere. That left a very small pool for selection.

And so reporters on the new "Good Day" (officially "in recess") have been redeployed to bolster the sagging line-up on the Wellington regional programme.

Notwithstanding the enthusiasm and potential of these reporters, there are only two who can be considered trained journalists.

But the habes in the wood are certainly getting all the support in other directions. Every weekday they can

utilise up to five two-person camera crews, up to five film editors, and spend an hour or two in a fully manned (but minuscule) studio.

Since part of the Cross reorganisation was to avoid an increase in staff, the camera crews, film editors and other associated bodies had to come from somewhere. The answer was simple: from other productions.

Almost without exception, all other local productions are feeling the pinch. Up until its "recess", "Good Day" was facing severe cuts in its facility allocation, both film and electronic.

Down south, the Dunedin operation finds most of its production time plundered for the regional programme and at least one network weekly peak-time programme faces a year with no regular studio or film facility.

The above-the-line budget for each regional programme is not high by world standards. But as they all average out at well over \$100,000 a year, that's around \$500,000 that

comes from other productions.

There are no signs that any money is being saved in other areas. So not only do other productions face reductions in facilities and staff — they also face extremely slender budgets, or extinction.

Still, because the word from the board is that the regional programmes must succeed, they have their staff, they have their money and they have their facilities. Now to find the material to present to you every night, Monday to Friday, at 7.30pm till 8.

A few years ago when audiences were quite happy to accept turkeys in gumboots, radio and television worked closely together, specially in the regions.

There was a finely tuned communications system around the country which enabled television programme producers to capitalise on the enthusiasm and efforts of regional radio staff. They often ended up playing a small role in any story which eventuated and so the circle was complete.

The programme got stories, the regional reporters were seen to be active in their own area, and the public was occasionally informed, if not entertained.

Wellington now suffers most with its television empire well away from radio headquarters.

But the regional programme will appear as promised (suspiciously close to April 1), whether the public wants it or not.

There's been no referendum, no national survey, no motive for this exercise except the dream of chairman Ian

Cross and his belief that he knows what we should have and/or want. So if you live in the West Coast and can't get Channel Two, look forward to the Network News 6.30 till 7pm, half-an-hour's news, then back into news for 10 minutes more. Every night, the week.

If chairman Cross has made a mistake with regional programmes, then it is a very expensive mistake.

But as he conceded to the *Southland Times* in June last year: "There'll be trouble next year ... I can't particularise what, but I know they'll come."

## Flexible sale style lives on under new regime

by Warren Berryman

SOUTH Pacific Television passed into history last week. But SPTV's methods of selling advertising space live on, having largely been adopted by TVNZ.

TV One and SPTV had different styles of selling ads. TV One, with its loyal team of traditional advertisers, began for space sold ads in much the same way as a Government servant sells postage stamps.

SPTV, by contrast, had to sell actively and aggressively with far more flexibility than TV One's by-the-book approach would allow to push their channel in areas outside Auckland where TV One's grip was strongest.

One large advertiser (in final group) spending about \$3 million a year on TV ads was getting a 20 per cent discount from SPTV. The same company could get no discount from TV One, which stuck rigidly to its role card. This group now gets a 15 per cent discount in the new set-up as a volume incentive — a discount that has not been mentioned to some smaller advertisers.

SPTV often had regional advertising slots begging in Wellington, and Christchurch, where advertisers favoured TV One. SPTV couldn't just run a blank screen in these regions, so SPTV turned adversity to advantage and gave ad slots as freebies to loyal customers.

Much of this aroused the ire of the advertising agencies which missed out on these deals.

Many of SPTV's selling concepts have been adopted by TVNZ. They include:

- Volume discounts for big advertisers. Advertising spending more than \$100,000 get a 2.5 per cent discount; more than \$200,000, 5 per cent; more than \$500,000, 7.5 per cent; and more than \$1 million, 10 per cent.

- The multiline rate card. This is designed to relate price of advertising to programme performance. Instead of just buying a time slot, for example, the advertiser buys time in a programme expected to reach X amount of people and pay a price directly related to programme reach.

- The Qantel automated ad selling/booking system. This is a computerised system that books ads in much the same way as an airline computer books seats.

- Regional breakouts in six regions. This system established for SPTV has been taken over by TVNZ. It allows

six different regional ads shown in different regions at the same time bringing a bulling for one time slot.

Channel One, ex-TVNZ, is still the strongest of the two, partly the result of viewer loyalty and the fact that TV2 can't be reached some parts of the country.

Small ad agencies or agencies with a bit of small class feel the volume discount then expense. This feeling, backed up by a belief in publicly owned TV, serves all the public equally.

The major complaint of agencies is that a greater number of ads are being put in at the ends of programmes. If the viewer is watching a high-rated programme, ads placed mid-programme are likely to catch attention. But an ad at the end of the programme is likely to be missed because TVNZ's emphasis on complementary programming encourages channel switching; the advertiser is buying time in which the public are busy watching knolls.

The only way the old system can be accurately compared with the new is on a cost per target audience share basis and as the programme is still unknown.

Still some agency "mule crunchers" have been working on cost per anticipated reach under the new system — some the same — add some cheaper.

Whatever the agency's complaints, the advertising is still selling.

Both channels have a lot of prime spots booked for Christmas. Only the regional spots remain — but that is to be expected because regional advertising doesn't usually book so far in advance.

Place yourself right for the 1980's

WIRI INDUSTRIAL ESTATES (with 11/16)

LOOKER MARINE LTD. (with 11/16)

LOOKER MARINE LTD. (with 11/16)

LOOKER MARINE LTD. (with 11/16)

LOOKER MARINE LTD. (with 11/16)

# Television the way National called for it

by Bob Edlin

TVNZ is Prime Minister Rob Muldoon's personal victory.

The restructuring of television might give effect to chairman Ian Cross' programming vision. But it needed the Government's blessing.

The politically appointed corporation board must get Government approval for anything as major as a restructuring, specially since legislation was called for.

And the Government's election Manifesto in 1978 had called for a re-examination of the roles of the two channels to ensure:

- That the regional contribution was encouraged, and
- The efficient utilisation of all local production facilities achieved in the interests of both channels.

The author might have been Cross himself. He announced the restructuring within a few months of the election and after an approach to the Government for an increase in the licence fees.

The Government gave the new plan a low-key reception in public. But in private, Ministers clearly were delighted.

Muldoon made clear the restructuring had to work or one channel would be shut down, leased or sold to private enterprise — or anything.

He maintained that broad-casting standards had slipped and that the "man in the street" would agree with him. While musing on a role for private enterprise, he expressed himself in favour of the ideas behind the Cross plan to remove competition and to rationalise facilities.

Under the new proposals, "it is to be earnestly hoped the number of staff required to produce the service will diminish considerably," Muldoon said.

The restructured system combining TV1 and SPTV under a changed administration officially came into being on September 1 but did not start broadcasting its new programmes format till February 16.

The new system has been launched against a background of promises to heighten public expectations.

The BCNZ had provided the finance to make possible a total New Zealand content of 40 per cent, Cross has said.

Some 400 hours a year more in local production was assured.

He described the regional programmes (to screen at 7.30 each night on Network One) as "laying the foundation for television throughout the 1980's".

They were "essential for the development of television in New Zealand," and the corporation is putting much greater emphasis on regional programming in an attempt to "draw television closer to its audience".

But overestimating studio capacity and staff numbers has meant that TVNZ may have promised more programmes than it can make.

When legislation was passed to effect the restruc-

turing in November, Broadcasting Minister Hugh Templeton said the aim was to eliminate duplication, provide for less competition, and promote more regional services.

"It will mean more news, more regional news and no cuts in current affairs," Templeton said.

But already the daily magazine programme "Good Day" has been "deferred".

Indeed, staff seem to be at a premium.

Trained producer/directors have been denied opportunities to get further training in areas where they feel they need it. Instead, they have been directed to work on programmes that needed someone — anyone.

Producers at Avalon are saying that Corporation executives only now have woken up to the fact that they will not be able to make all the programmes they have promised. They do not have the trained staff, the studio time or the equipment available.

And experienced staff predict that what resources are available will be gobbled up to push out 30 minutes of viewing for the regions five nights each week.

There has been militant talk at Avalon about strike action if staffing levels are not boosted.

Film cameramen, studio cameramen, telecine staff and so on have left or been promised in such numbers that the Producers and Directors Association has gone to the board to warn that it can't deliver unless more staff are provided.

The documentary unit has no reporters assigned to it. Senior people such as Richard Thomas went to Britain or Australia.

Four film cameramen have quit at Avalon in recent months (some got out; some went to other jobs).

Some sound recordists have gone.

At least two film editors have left and promotions to administration positions have further reduced the working number of editors.

Four studio cameramen have gone — experienced staff who could get a director out of trouble because they knew their job.

TV One's news room has lost Dougal Stevenson, Bill McCarthy, Fred Cockram, Chris Milton, Chris Harrington, Jim Curry, Merrin Craig, Bill Alexander and Doug Eckhoff (who has been pushed into a cut-de-de with nothing to do except dream about the top-rated news show he used to edit). Others say they are leaving or thinking about it.

Of the "Dateline Monday" staff (14 people including three temporarily attached production trainees) only four remain in current affairs (one of them was co-opted). Experienced people like John Keir and Daine Shapahnn have moved on.

Avalon is critically short of TVPA's (producer's assistants).

The Producers and Directors Association has said that programme demands are unreasonable.

Some producers and directors are talking about leaving, because they claim that what has been promised just cannot be done.

Highly paid and highly placed executives have openly knocked or expressed doubts about the new system.

Some seem to be staying on just to make the best of it, to save the system from its worst features, to ride it out and wait for the next restructuring.

The lack of fanfare that greeted the changeover reflected a lack of pride, and the softest of soft sells.

There is still a strong feeling at Avalon that the whole thing could have been done more simply by the board's directing executives to implement the programme policy it wanted.

Rumours persist that other programmes will be scrapped, including "Play School" and "Tracey 80".

Asked how much more would be spent on regional news, news controller Bruce Cross said last year: "Not a red cent more".

But "Good Day" was scrapped to save regional

news. Staff on the programme were either pushed back to regional news (at least two journalists) or sent to current affairs (one director).

The Avalon building is the best production centre in the country, but has been downgraded in the new system. As its output is reduced, drama particularly has taken a beating.

In Auckland in contrast, facilities are called on to produce one hour a night of live programme (two news shows), housing this to 90 minutes twice a week with "Eyewitness".

Journalists work in one building with its own editing facilities several blocks away.

Every night, cut films and sound tapes will be driven across the city in peak-time traffic so that the show might go on.

The intangible factor is the bitterness. If people were happy with what is happening, they wouldn't complain. But



Ian Cross... regional editor.

they are complaining. Many see the restructuring as a return to the days of the NZBC.

They are angry that regional news will sink up an undue amount of money and people.

They are angry that Cross has become a Super-Direc-

tor-General. Graphic staff are angry about the controversial flag and stars and the short amount of time they were given to work up a finished design from the commercially conceived logo. They know that what you see on the screen is bad.

But there are those who have got good jobs, or their old jobs back, and centres like Christchurch and Dunedin are generally enthusiastic about the chances offered for home-town production and work.

Christchurch regional editor John Knowles has long been a strong advocate of more regional news. And down there, they're happy that South Tonight can be resurrected, again with Rodney Bryant in the hot seat.

Parochial programming has always gone down well in the south, and was an early selling point as Cross pressed the case of the regions.

## The Export Makers



Trigon Plastics Ltd. export plant of the Government's Export Pannier for achievement. Now export in excess of \$1.25m annually. These exports are largely of technical films and the same technology also provides NZ's primary industries with high quality modern packaging.



J.L. Primrose Ltd. build and export steel-hulled commercial craft to Papua New Guinea and other Pacific Basin countries. The acquisition of sophisticated plant has enabled the company to broaden its export market horizons and will further assist in the construction of more advanced vessels to meet market requirements.



G.J.B. Products Ltd. Export Achievement Award Winner. Is the only company in the world producing in one factory a complete range of darts and dartboards and currently exports to 13 countries. New plant and technology will ensure continued competitiveness and export growth.

## DFC is helping them export more

To survive we must export more. So we rely on 'The Export Makers' — like Trigon Plastics, J.L. Primrose, and G.J.B. Products developing technology and new export markets. The role of the Development Finance Corporation of New Zealand (DFC) is to provide finance and advisory services to 'The Export Makers'.

The full range of development banking services offered by DFC include:

- Term Loans
- Export Suspensory Loans
- Export Finance
- Regional Development Suspensory Loans
- Hire Purchase Finance
- Asset Leasing
- Equity Participation
- Bonding for New Zealand Contractors
- Guarantees
- Applied Technology Finance
- Tourist Accommodation Assistance
- Pacific Islands Industrial Development Scheme
- Foreign Currency Advisory Services



New Zealand's development bank

For further details, contact your nearest DFC office  
AUCKLAND: phone 32-049  
HAMILTON: phone 84-079  
WELLINGTON: phone 724-874  
CHRISTCHURCH: phone 68-759  
DUNEDIN: phone 741-831

**Adler**  
today's most advanced  
**Golf Ball** typewriter

**30% LONGER LIFE**

Another reason why the Adler SE1000 CD is today's most advanced "Golf Ball" typewriter

Unlike the other "golf ball", the Adler SE 1000 CD typing element has no teeth to break off and cause costly downtime. The Adler element is very robust with 22 lateral ribs built inside to give added strength — these increase its serviceable life by 30%.

The Adler SE 1000 CD machine is the most advanced, with instant automatic lift-off correction; dual pitch; half space to permit normal two-hand operation; paper injective at the tip of a lever and highly effective sound shielding. The fast keyboard entry at 9 milliconds accommodates the speediest typists and ends "Ricking" of extra letters.

As for sales and service back-up, worldwide Adler is hard to beat. In fact every tenth typewriter sold anywhere comes from Adler. Use the coupon to obtain the name of your nearest Adler SE 1000 CD stockist. After all, if you want the best typing, you need the best typewriter.

Portable typewriters... manual typewriters... electric typewriters... calculators... word processors... and more.

**Buy ADLER Get the Best.**

**Adler Business Machines (N.Z.) Ltd.**  
P.O. Box 6089, To Am, Wellington P.O. Box 9866, Auckland P.O. Box 1792, Christchurch

I WANT THE BEST  
Please send me full details of the Adler SE 1000 CD typewriter and the name of my nearest dealer.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Company \_\_\_\_\_ Phone \_\_\_\_\_







## Books

## Spate of decade summaries as prices surge

by Gordon McLauchlan

THE New Zealand book business—importing, publishing and retailing—has escaped the recent massive problems of other countries, specially Britain.

But trouble may not be far away.

Inflation and the strengthening of the pound against the dollar towards the end of last year caused a ripple of price rises as New Year trading started.

These forces have surged since and some book trade sources are predicting sudden, steep price rises over the next few months.

New Zealand's own continuing, substantial inflation will add to this upward movement of book prices.

These trends come at a time when consumer resistance to spending on leisure goods and services is growing where

prices are continually edging up.

Trade reports say that sales of hardcover fiction have already drifted downwards with readers waiting more determinedly than ever for the paperback to arrive.

One recent stratagem by international publishers to help beat costs here is the consignment of books direct from low-cost printing houses in South-east Asia. Previously books were produced and returned to Britain before allocation on indent here. The direct supply has chopped dollars from retail prices.

The book business has so far held up strongly enough in New Zealand for publishers here to plan a normal year's output, with some notoriously unprofitable local fiction.

According to *The Economist*, the trouble in Britain has come from "over-investment," especially in printing and warehousing.

"But all publishers are now confronting the awful prospect that they may be among the first to feel the draught of severe recession. Their vulnerability has been exacerbated in part by the loss of their established strength in export markets, owing to the rising pound, and also by their habit of selling as much as half of their domestic output to libraries in the public sector."

"Both local authorities and universities have descended with painful speed on their budgets to buy library books as the easiest cuts to make first."

Collins, the multinational house of Penguin, Weidenfeld and Nicolson and a number of other lesser known British publishing houses have had to make savage overheads cuts, including laying off staff.

Not even *The Economist* is yet diagnosing whether the illness is acute or chronic, whether it will be shaken off

when the business tone of the community picks up, or whether the good times of the 1960s and 1970s are over forever.

But one thing is certain: too many books are being published. A total of more than 41,000 titles in 1979, up 25 per cent on 1969, and up 50 per cent on 1959.

Among forthcoming titles is a spate of books on the 1970s. Not far away is *The Seventies*, by British journalist Christopher Booker. His assessment, hardly comforting for the future, is that they were a "10 gloomy years when we seemed to lose faith in everything from tower blocks to the value of money."

Front America's Viking Press will come *The World of Oz* by Osborn Elliott, the editor of *Newsweek* from 1961 to 1975. It is about the sixties and the 1970s in the United States, from Kennedy through Lyndon Johnson and Nixon to

Carter. Although a chronicle of political stupidity and corruption, it has about it an American depth of community concern and desire for decency and fairness from which the world can take some small hope for the years ahead.

How many editors of major newspapers or magazines in how many countries could look at a problem like racial inequality without any close personal involvement, investigate it carefully and then decide it was time to help end it by exposing its injustices?

"I grew up in a whites-only cocoon of private schools... and attended a college where the only black I had even a nodding acquaintance with was an enormous handyman who used to tend bar at Harvard cocktail parties..."

"There used to be jokes in the wardrobe of my ship, the heavy cruiser, Boston, about how the steward's mates

washed their socks in the officers' coffee. They probably should have if they didn't."

Despite that background, and with the help of courageous Southern journalists, Elliott concentrated on a continuing profound and far coverage of the bid by American blacks for their full share of civil rights.

When *Newsweek's* women staffers filed a complaint with the Equal Employment Opportunities Commission, charging discrimination against women for writing jobs, Elliott again decided that his traditional attitude was unfair and he worked over the following years to redress the wrongs.

The author doesn't try to be wise after events, confessing he was wrong for a long time about Vietnam and other issues. It's a bustling book full of warmth, wit and sincerity and a deep regard for the integrity and serious purpose of journalism.

## Books

## Confirmed liberal conceives Lex Augusta

by Colin James

IT is a matter of surprise that anyone could willingly take on the job of "supervising" the Contraception, Sterilisation and Abortion Act.

By its very title, the Abortion Supervisory Committee is no simple licensing institution, performing a neutral, technical function.

It is, whether it likes it or not, in the middle of the maelstrom of irreconcilable invective. Where it has discretion, it will be held accountable for failing to meet one of two diametrically opposed views on how many abortions should be allowed.

Avoiding falling into the camp of either the Society for the Protection of the Unborn Child (Spue) or Abortion Law Reform Association (ALRANZ) should present no difficulty.

But there is a broader dichotomy—between the overwhelming public preference

for fairly liberal abortion laws, given legal recognition in the Woolnough case, and the parliamentary majority for restrictive controls.

In the event Parliament ducked the question, leaving the substantive abortion law unchanged, but setting up a mechanism for approvals and performance of the abortions.

The mechanism has proved unwieldy and, judging by the numbers of women going to Australia, unworkable. The law contemplates lawful abortions along Woolnough lines, but is unable to ensure they can be obtained.

The supervisory committee appears to have opted for restrictive control.

And, since it has legislative discretion on who its appointees as certifying consultants and on who is a "fit and proper" person to run an abortion clinic, it can substantially influence the number of abortions.

This is galling enough for the liberals and Dr Geiringer eloquently argues that the committee should keep its hands out of what should be the certifying consultants' business—the decisions as to whether individual women should have abortions.

He cites letters written to certifying consultants complaining about their "very high rate of approval" and one to the Wellington Hospital Board asking it to explain the committee's subjective assertion that "a far greater number of terminations have been carried out in your area than had been anticipated over the 12-month period."

Geiringer sees in these an intimidatory campaign against liberals, a campaign which brought the abortion service completely to a halt in Wellington.

But there is much more to Geiringer's hook than a liberals-versus-conservatives argument.

Geiringer argues, with persuasive logic, that the committee has failed in its duties.

In some areas it has failed to ensure there are enough certifying consultants to provide quick decisions on abortion requests without forcing women to travel too far.

In other areas it has failed to ensure there are facilities to perform abortions that are approved.

And, on its own admission, it has failed to ensure that there are adequate counselling services for women who request abortions.

The result: indignities, delays and expense. Whatever the moral aspects, it is medically unsatisfactory for women whose health may, in terms of the legislation, be in "serious danger."

Geiringer says of the Wellington-Hutt area, lumped in

with the Wairarapa, that "poor women from Porirua and Miramar are nowadays forced to travel to Masterton, not for an abortion but for a certificate for an abortion to be performed—in Auckland (!)"

Geiringer concludes: "They (the committee) have made a law which was designed to prevent unlawful abortions into one which is now being used to prevent lawful abortions."

This hook should upset members of the supervisory committee and the woman whose name it takes, Augusta Wallace. It provides ample reasons why a magistrate should feel in the end she could not continue. (Wallace resigned last year.)

The book will also bring predictable responses of indignation, anger and sorrow from both sides in the abortion debate.

But in one sense it is a joy. Though it is not immaculate and some of the assumptions are challengeable, Geiringer's cool, clear logic ensures this is not simply a polemical work of a confirmed liberal.

On that level—as a closely argued case—and as lucid prose of the highest calibre, the book is well worth the hour or so of your time it takes to read it.

There's just one problem. The book is written in the form of a critique of the committee's two reports to Parliament last year. But don't go looking for a copy of the reports in a Government Bookshop or library. They were laid on the table of the House, but never printed.

*The Lex Augusta*, by Dr Erich Geiringer, published by Allister Taylor, 52 pages.

## DC10 loss slows Japan link

DIRECT flights between New Zealand and Japan won't now start until after mid-year. The loss of the DC10 at Mount Erebus has forced Air New Zealand to put off its planned start-up date of April until at least July, and probably later.

Airline planning director Daryl Jeune says the postponement will also allow Air New Zealand more time to

finalise its route plans.

Air New Zealand is looking to fly through Nadi to Tokyo—the most direct route—or to extend its present Auckland/Hong Kong service on to Tokyo.

Jeune says there are a number of technical and commercial factors supporting both courses, and a final evaluation is not yet complete.

JAL Air New Zealand's partner on the route was not planning to start until later in the year anyway, so that it would start flying into the southern spring and summer.

The Antarctic crash has forced the delay according to airline officials, despite the end of one DC10 charter to National Airlines in the United States last September.

# PAN AM'S 747 CLIPPER CLASS TO LOS ANGELES... BETTER FOR BUSINESS



**Clipper's**  
Pan Am understand how demanding international business can be so we have introduced Clipper® Class as a special section set aside for full fare passengers designed to give you the extra attention you deserve when you go a long way to get the job done right.

**On the ground**  
We begin the airport with a special Clipper® Class check-in to get things along.

**In the Air**  
On the plane you are seated in a special section along with other full fare and business travellers. And wherever possible we provide an empty seat next to you. Beverages, kits and other extras are, of course, complimentary.

**All 747's**  
The only 747 service from New Zealand to both the U.S.A. and U.K./Europe. Convenient departures, convenient arrivals with connections to our U.S.A. transcontinental services. When you examine all the advantages, Pan Am 747 to Los Angeles is better for business.  
See your travel agent.



**We fly the world  
the way the world wants to fly.**

## WE CAN SHOW YOU HOW

- \* TO SET UP YOUR OWN SUPERANNUATION FUND
- \* TO MAXIMISE TAX EXEMPTIONS
- \* TO GAIN MAXIMUM BENEFITS FROM INVESTMENTS
- \* TO PROVIDE EMPLOYEE BENEFITS
- \* TO CONTROL THE USE OF INVESTMENTS

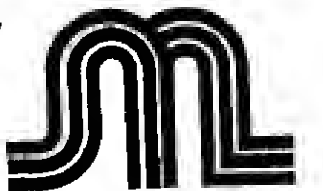
\* FOR FULL DETAILS WITHOUT OBLIGATION SEND NOW TO  
**SUPERANNUATION MANAGEMENT LTD.**  
P.O. Box 2517, Wellington Telephone 722-705

Name ..... Ph .....

Address .....

WE CAN SHOW YOU HOW

**Superannuation  
Management Ltd.**



Unique Historical  
**VALUABLE  
COMMERCIAL  
PROPERTY**

now offered for sale  
**HIGHLY SUITABLE FOR  
TRUSTEE INVESTMENT**

Originally built in 1863, the Stonemason's House in Parnell, today stands faithfully restored by skilled craftsmen, as an outstanding landmark to our early heritage.

**SUBSTANTIAL LONG TERM TENANT  
GUARANTEED RETURN 11½%**

Viewing strictly by appointment with Sole Agent  
**N.A. MARTENSEN & ASSOCIATES**  
M.R.E.I.N.Z.  
Phone 53-47275 or 53-42201

Direct Enquiries to:  
Mrs Walker  
782-047 Anytime  
Mr N.A. Martensen  
53-43-893 After Hours



# Govt faithfully implements IDC textile plan

by Rae Mezengarb

AS one textile industry source put it, restructuring by definition usually entails a shift in the labour force and an aggregation of operations into fewer, larger and more efficient units.

And with that consideration to the fore, the Government's decisions on the Industries Development Commission's report on the textile industry last week contained bitter pills for some sectors, but provided a degree of cushioning along the way.

With a few minor adjustments, the Government has virtually adopted the IDC plan in its entirety.

Earlier last week, few industry sources had had the opportunity to mull over the detail, but there were signs that when the smoke cleared, manufacturers would be in a better position to plan their futures.

There are no doubts that

there will be unemployment in some areas. But as one observer optimistically pointed out, this might amount merely to a re-deployment of labour into those areas but not into the growth.

The president of the New Zealand Textile and Garment Manufacturers' Association, John Penny, said that in terms of the total industry, reaction to the Government decisions had been somewhat "mixed".

"I think it's a bold and imaginative plan which entails a ruthless sorting-out of the inefficient operators," Penny said.

The industry was efficient and must show an ability to adapt accordingly, making itself into an "orderly and profitable industry".

But Penny foresaw a difficult period ahead.

Companies would have to adjust their positions, staff would have to be retrained, and some regional areas could

be in for some "traumatic" changes.

The full text of the Government statement had not yet been received when he talked to *NBR*. But in the main, it appeared the Government had implemented the IDC plan "pretty faithfully", he said.

Penny highlighted three problem areas:

- Employment;
- The predominant fibre rule;
- The household textile (bed-linen, towels) area.

"I believe there will be a substantial amount of re-deployment of personnel, particularly in the yarn extruding and texturing area," he said.

For instance, a small town like Shinnon, employs about 80 people in yarn extruding in just one plant.

"The Government is going to have to work urgently on its promise that it will assist with re-deployment and so protect

these people from unemployment," Penny said.

While the Government had made an important gesture by its assurance of \$5 million assistance to facilitate restructuring and rationalisation of the woolen milling sector, Penny said the mills would be concerned that under the new predominant fibre rule, they would face some "tremendous competition" from overseas.

The new rule replaces the old substitutability clause in terms of the IDC's recommendations.

The clause had been used to protect the wool-milling industry from imports of synthetics.

The IDC recommended - and Government has accepted - that the clause be dropped and import licence restrictions on non-wool fabrics be removed.

The policy is intended to benefit the fashion and garment industry by making

available cheaper and more varied inputs.

In the household textile area, the decision to exempt linen from import licensing, and to free babies and young infants' clothing from duty as well as exempt them from import licensing, would greatly affect an area which was a substantial employer, especially the small pockets of industry in the regional areas, Penny said.

But on the positive side, he pointed out that all knitters would be happy to gain access to competitively-priced yarn (the Government will make these fabrics available exempt from import licences as from July 1, this year).

Not only would costs be lowered to knitters, but there would be advantages to be passed on to both domestic and external customers.

Penny said that everyone in the textile business would welcome the suggestion that Government would relax the 10 per cent sales tax on machinery and parts on a case-by-case basis.

A vocal critic of the IDC plan, Alliance Textiles Limited, Farquhar McKenzie, said he would not comment until he had "seen the fine print".

"People can comment on the short-term (possibilities) - but the long-term effects could be quite different," he said.

He instanced, the Government's \$5 million assistance for the woolen mill sector.

Government had not yet indicated how this money would be spent. "And it can be difficult to extract when it comes to the pinch," McKenzie said.

According to the schedule of Government action, a decision on the eligibility of wool tops for the export incentive scheme has been deferred.

"It doesn't make sense," McKenzie said. "We have half our people employed in this area."

Referring to the bounty which would be paid to weavers of woolen and worsted fabric woven in New Zealand at a rate of 25 per cent of factory selling price, terminating in June 1984, Lee said:

McKenzie said: "We can't be carried away by the short-term benefits."

The company would be looking at the total situation before decisions on the future were taken - "and take into account the short and the long term," he said.

The president of the Woolen Mills Association, Jim Lee, who had had the statement read to him, expressed some caution about committing himself at this stage.

He said the bounty system on fabrics - though favourable to most areas - was not enough for the worsted and fancy fabrics.

The woolen yarn site "looks pretty good," he said. "But worsted fabrics would 'come right only if the industry is rationalised and the modern equipment we have fully utilised'."

Until Government decided just how the \$5 million Government assistance grant would be spent, McKenzie said, he would be speculating the woolen mills: together to obtain maximum efficiency and utilisation of equipment.

"But there will be shareholders of some companies to pay off, and redundancy agreements to be worked out," Lee said.

Lee, who is managing director of Mowat - and who all he was optimistic, he would need to see the fine print.

Some areas on the worsted and mixture fabric site could be "severely knocked," he said.

But the industry had to make sure through rationalisation that "whatever fabric we make best we make in volume in order to compete internationally".

Mindful of the short-term nature of the cushioning assistance, he said that after five years, the industry should be able to stand on its feet by proper restructuring.

Overall, the Government decisions "could be a substantial step in the way for the woolen industry, giving an opportunity to establish it as a better footing and become internationally competitive," Lee said.

## Regional development

# AHI: success story flops from southern favour

WITH \$12.5 million in export earnings under its belt and nearly 180 Dunedin workers in its container manufacturing plant, George and Ashton, a wholly-owned subsidiary of Alex Harvey Industries, looked set to extend its success story of the 1970s into the 1980s.

As late as the end of January, the company looked to be the example to follow: an aggressive, local-based exporting industry, lauded by the media and beloved by southern politicians.

Today Alex Harvey Industries would rank top of the most unpopular companies in Dunedin after deciding to close the George and Ashton operation, leaving 176 people out of work.

The abrupt announcement to shut down between March and April came as a shock.

Cabinet had been told less than a week before the announcement. Dunedin business interests knew nothing of the pending closure, although some had a hint the company was having difficulty getting container orders overseas.

The workers, many family men feeling the effects of Christmas expenses and New Year school uniform outlays, had no idea they were all about to lose their jobs, although some expected a few redundancies among newer employees as work was reduced.

AHI claims the shutdown results from a world-wide downturn on the container market caused by:

- Disruption of sea trade resulting from the Iranian crisis and the subsequent release of containers from road and sea routes for service elsewhere;
- A faster than expected containerisation of non-container shipping routes;
- Increased efficiency of refrigerated container handling, resulting in greater tonnage from fewer containers; and
- Uncertainties plaguing the world trade in refrigerated foodstuffs.

But the simple fact is AHI has become uncompetitive on a highly competitive international market.

The closedown is a reminder of a frequent warning that an export-related industry is unstable if it does not have a strong domestic market base.

And it is on the home market that AHI has failed.

The company has received

more than \$4 million in Government subsidy, a regional development project second only to the West Coast Matal Industries failure to attract taxpayers' money.

Had the money been paid out as a regional development grant, AHI could be faced with having to repay it, since the company would not have fulfilled the requirement to remain in the region or remain in business for five years following the payment.

But the money was paid out as a subsidy by Government to get the industry off the ground. In 1974 the Shipping Corporation was looking to fulfill an order for 2950 containers, 2100 of them insulated.

The then Labour Government directed that the order for 1100 of the insulated containers should be filled in New Zealand.

George and Ashton, which had been bought out by AHI in 1970, was the successful tenderer for the order, which was let reluctantly by the Shipping Corporation at a price much higher than overseas.

The taxpayer provided the \$4,063,000 paid out in Government subsidy to offset the difference between George and Ashton's price and the overseas tender.

But the company went on to stand on its own two feet, ploughing out many more containers than the 20 or so a week needed to break even, and winning four more contracts against stiff overseas opposition in Japan, Germany and England.

It was a \$20 million business during those 4½ good years, and most of this was in overseas exchange earnings.

Then came the crunch. AHI's confidence that it would get a recent order for containers from the Shipping Corporation again - an order outside overseas competition that would bring a healthy profit margin - fell flat. The order went to an overseas competitor.

And the world container market took a 40 per cent drop almost overnight.

The five fat years promised to be followed by an unpredictable number of lean years. AHI took the decision to close the operation when world-wide market jettisoning failed to secure contracts.

From an accountant's viewpoint the decision made immediate sense.

## Dominologists to shoot for new world record

WORLD record domino-topping organiser Alister Howden is planning another record attempt in Auckland.

Last year Howden set a record by toppling 229,488 dominoes in a fundraising stunt for Telethon. It took a team of 20 several weeks to set up the dominoes, one minute 46 seconds for them to fall, and 4½ months to sort the dominoes back into sets again.

What with souvenir hunters and other problems, the exercise cost Howden \$3000 (he budgeted for \$300) and raised about \$3000 for Telethon.

Most of the income came from the sale of raffle tickets at 50c each. The winner won the right to topple the first domino, and the person who

last year AHI, which had been managing George and Ashton from Auckland, took the decision to phase out all work at the factory other than container production, which represented over 90 per cent of the output.

Thus the factory was rationalised into a single purpose AHI offshoot where the bottom line ruled supreme.

From a regional viewpoint the saga did little to endear AHI to parochial Dunedin interests.

The direct effect of the closure is to add 176 workers, most of them only semi-skilled, to 1009 already registered as unemployed.

The decision also affects the local firm Emslie Consolidated Industries Ltd, Emslie's supplied foam insulation for the containers and their production will be scaled down because of the closure.

Publicly, Emslie's management are playing the effects of the closure on their company down. But it is understood the company relied to a large extent on the regular cash flow the container production brought, and that the closure is aggravating difficulties.

The closure also highlights AHI's track record in Dunedin.

In 1977 AHI closed its metal container factory in Dunedin, moved the operation to Christchurch and claimed the 45 redundancies would be offset by expansion of its George and Ashton operation.

Last year the company closed Architectural Windows Ltd, a company it had bought as Crittle Metal Windows, and changed the name several times before closing it. The 13 staff members made redun-

dant were offered work at George and Ashton's.

Between times the company had also closed its Dunedin sales office of Lyte Aluminium ladders, and company records show the demise of the Dunedin AHI Home Improvements Services operation.

Then came the announced closure of George and Ashton. And with no remaining Dunedin operation other than a small warehouse for the Plastic Extrusion Company to fall back on, the company has said jobs could be made available in Christchurch with the expansion of its Crown Crystal Glass plant.

The closure bought an angry response in Dunedin. Business people felt the company had regional obligations, particularly considering the aid it had received, and that it should ride out difficult times

on a reduced scale, the same as any local business has to.

Dunedin's Mayor, Cliff Skeggs hit out at AHI for inking advantage of local skills and expertise to make a quick profit then get out with little regard for the community.

Skeggs, who is no stranger to the container business through his local interests and as chairman of the Otago Harbour Board during the container port fight, claimed the container market will pick up in 1982 and the company should ride out the intervening period.

But such parochial arguments have fallen on deaf Auckland-based ears.

And with the closure a fait accompli, some local business interests have already exploited the issue politically, claiming it highlights the need for the region to lobby for compensatory industry, like a smelter at Aramoana.

## New! Monocoustic panels lower the ceiling price on thermal insulation.

Monocoustic panels set the limits for thermal and acoustic insulation. For installation costs. For damage and replacement costs.

Light, thick, AHI Monocoustic ceiling panels. LIGHTNESS means simple, speedy installation. Quick easy sheathing around ducts and fittings. AHI Monocoustic paneling is one of the lightest systems available. Designed to stay up once it's been put up. Therefore also one of the safest.

Building code NZS4203 controls seismic bracing standards for suspended ceilings. If anything does come down it mustn't come down with a crash. So Monocoustic's a load off your mind - and off your pocket. There's no expensive, rigid bracing required.

THICKNESS means insulation. Thermal and acoustic. The first keeps heat in. Once you've installed a Monocoustic panel ceiling, all the insulation you'll ever need is in place.

Limiting heat loss. Providing worthwhile energy savings. You need absolutely no other insulation. MORE IMPORTANT THAN EVER WITH NO CEILING PRICE ON POWER.

Another cost benefit. The whole cost of installing thermal insulation material in commercial and industrial premises is tax-deductible. AHI Monocoustic Ceiling panels qualify for that rebate.

Acoustic insulation dampens sound within a room, making an office, a meeting room, even public places so much quieter. Easier to work in. Better for everybody's concentration.

The lowered noise level also means it's quieter in the room next door. However, there's another side to Monocoustic panels. The one facing the room.

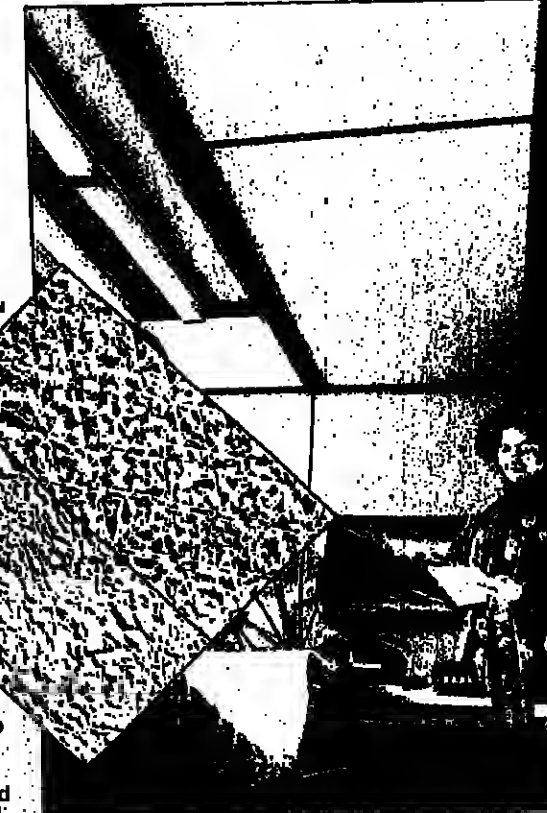
Looks good too. An attractive, textured vinyl surface that gives good light reflection. A very important factor in offices and other working places.

A surface that cleans quickly and cheaply with a damp cloth and soapy water. And never needs painting.

There are still more advantages to Monocoustic panels. Less obvious, but just as useful. No-risk decision.

In fire safety terms, they meet the Class 1 Spread of Flame standard. In other words, they won't support combustion. Nor will they help a fire spread.

They won't rot, go mouldy in damp conditions, or sag or buckle. They certainly won't retain moisture.



AHI Fibreglass Monocoustic Ceiling Panels. Putting a top limit on heat losses - lowering ceiling system costs.

**AHI Monocoustic**

**AHI FIBREGLASS**  
Auckland: Box 12-069 Penrose. Phone: 692-139  
Wellington: Box 30-048, Lower Hutt. Phone: 683-485  
Christchurch: Box 18-000. Phone: 489-089

MAR 80

We've Changed Our Name From  
SYSTEMS & PROGRAMS (NZ) LTD  
to

# PROGENI

There's a good reason for it. Back in the '70s we saw that software development had to catch up with the advances in hardware technology - and prepared for it.

We broke with tradition and evolved an entirely new and highly productive method of producing computer software - but without sacrificing quality or individuality.

We've developed a computer system that automatically generates large parts of any other computer system and instituted a new era and concept in software development.

At the same time we've opened offices in Sydney, Melbourne and Los Angeles. Our clients are as far away as the United Kingdom.

These are the reasons why the name of SPL is no longer appropriate. So we have changed our name to PROGENI - the name of the product leading our own export drive.

PROGENI still incorporates the existing quality, ingenuity and high reputation of SPL - but with a plus - dynamic concepts of how best to apply the rapidly developing and changing computer technology of the 1980s.

## PROGENI

A New Name for a New Era in Software

P.O. Box 30-066,  
WELLINGTON.  
Phone: 686-014

P.O. Box 5420,  
AUCKLAND.  
Phone: 796-977

Offices also at Melbourne, Sydney and Los Angeles

## A smart secretary has 3 ways to get your New Zealand Hotel Motel Bookings.

- 1 Call Instant Freeline, Auckland/Wellington/Christchurch. They have 160 Hotels/Motels in their system.
- 2 Ask Air New Zealand to book your accommodation when your Secretary books your flight. The 160 Hotels/Motels in the system are all in the airline computer.
- 3 Call your Travel Agent - they use our services extensively - they're smart.

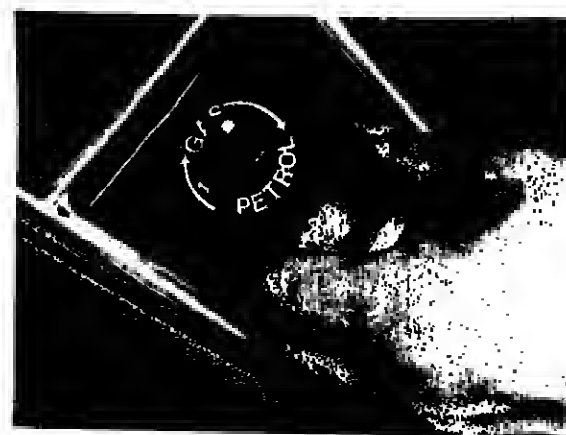
If your Secretary is still ringing around, it's costing you money - show her this message.

### INSTANT OF FREELINE

Auckland: Phone 794-660  
Wellington: Phone 850-754  
Christchurch: Phone 792-611  
Telex 2343  
Telex 3094  
In provincial areas, phone Air New Zealand and ask for Freeline



## Now Austin-Morris give you the answer to the uncertainties of petrol supply



# "MULTI-FUEL"

### Now you can be independent of overseas uncertainties

We can't win if we remain so dependent on imported oil as a fuel. There is only one certainty — the cost is going to keep escalating.

But now, independence day for New Zealand motorists is here.

Right now Austin-Morris can supply the factory fitted option of a 'Multi-Fuel' system on the popular British cars shown opposite.

Right now the same technology which has already seen half a million European cars in regular operation is available through Austin-Morris here in New Zealand.

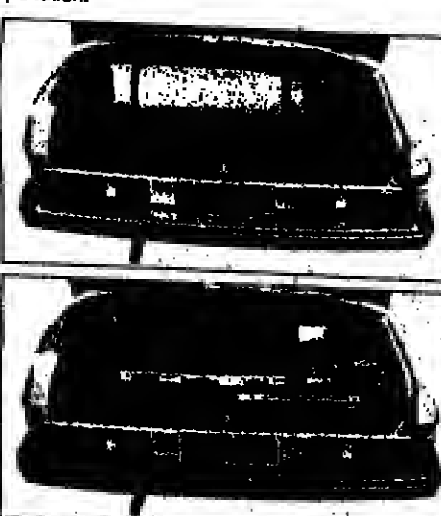
The fuel system options will be petrol and compressed natural gas (CNG) — or petrol and liquid petroleum gas (LPG).

When other cars stop, yours carries on.

### Now you can change fuels at the flick of a switch

You don't even slow down to change fuels. Petrol to gas. Gas back to petrol. It's as simple as flicking the neatly fitted switch which is part of your instrumentation.

Your cruising range has been extended too, and you can avoid the effects of any petrol restrictions. When running on gas there is a slight power loss but you get the benefits of a cleaner and generally smoother running engine with a reduction in exhaust pollution.



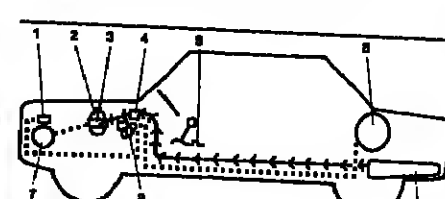
In Austin-Morris vehicles the extra fuel tank hardly affects luggage space.



### Your CNG and LPG supplies are assured... It's Government policy

The Government plans that over 100,000 cars be converted to CNG and LPG by 1985. No matter what political party is in power this commitment is sure to remain because developing our own natural resources helps free our economy from domination by oil producing countries.

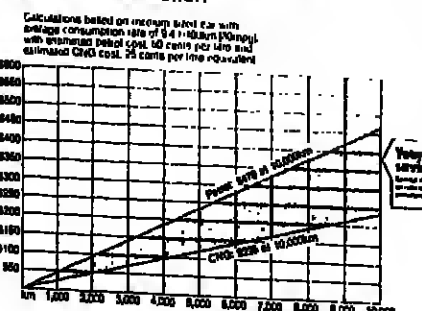
1. Petrol Gauge
2. Fuel Switch
3. Fuel Gauge
4. Petrol Gauge
5. Fuel Switch
6. Fuel Gauge
7. Fuel Switch
8. Fuel Gauge



Additional fuel system components are small and compact and fit neatly into the engine space of Austin-Morris vehicles.

### Chances are you will halve your current fuel costs

With CNG or LPG you can go almost twice the distance for the same amount of money used for buying petrol. And that's just on today's prices. As petrol costs also even further your 'Multi-Fuel' investment will look better and better.



### Austin-Morris are New Zealand's leaders in 'Multi-Fuel' technology.

British and continental motor engineering technology is responsible for the advanced systems now available here. Austin-Morris have now completed a major development programme in New Zealand which has included extensive practical field trials.

The Austin-Morris cars have proven ideally suited to the systems because of the British design commitment to space — even in small to medium sized cars. This means that

the extra fuel tank is hardly noticeable when it fits up into the boot and re-fuelling is simple and quick because of space saving engine compartment layouts and advanced engine design.

Good design has also enabled installation costs to be held to an attractive figure, ie approximately \$1000 for CNG. Naturally, many car warranties will cover the new fuel system.

### This special Finance Plan will make it even easier to get the benefits of 'Multi-Fuel'

The marketers of Austin-Morris cars have arranged special terms for credit purchasers through General Finance Limited. This highly respected company is one of New Zealand's longest established lending institutions. Having in mind the reduced running costs of 'Multi-Fuel' and the favourable terms offered by General Finance, who purchase become a very attractive alternative to cash.

If you would like to know more: Our free booklet gives you further facts on the 'Multi-Fuel' systems offered by Austin-Morris.

Send to 'Multi-Fuel' Austin-Morris Vehicles New Zealand Motor Corporation P.O. Box 2599 Wellington

Please send me full details. Name Address

Company (where applicable) Position in Company

New Zealand Motor Corporation Limited

## Austin Morris



## Management

# Electronic engineers streamline milk production

by Ian D Hunter

DAIRY farmers can look forward to an increasing array of new products designed to improve efficiency in the face of rising costs.

Recent trends overseas have seen sophisticated electronics, even computers, being applied to streamlining milk production.

Tru-Test Distributors, of East Tamaki, Auckland, a highly successful exporter of milk metering instruments, is one of the local companies preparing the ground for the computer age.

Tru-Test has been trading overseas for 13 years and 90 per cent of its business is now for export.

It expects well over \$3 million in sales this year.

A swag of that income will go into the company's research and development programme to investigate possible uses of electronics in dairy farming.

The world-wide need for increased efficiency has resulted in a concentration on increased production monitoring, often on a daily basis, of each cow in the herd. And in Britain, if the herd is big enough, a computer is called in.

The average Kiwi herd (17,000 farms; average 120 head) is too small for the sophisticated systems available to, say, the Californian dairy farm with herds of between 500 and 5000 cows.

And as far as efficiency goes, the periodic sampling by our local herd-recording associations is sufficient for current production and quality standards.

Good design has also enabled installation costs to be held to an attractive figure, ie approximately \$1000 for CNG. Naturally, many car warranties will cover the new fuel system.

Also, our pasture feeding is cheaper than in Britain, Europe and North America where there's critical concern with cost savings at every step, particularly when grain feed or concentrates are used.

But times are changing, costs are rising and the New Zealand dairy farmers will not be able to ignore simple systems that save money.

And the savings can be dramatic, as shown by one invention introduced in recent years by various manufacturers: it is a vacuum-operated device that automatically drops the cups off the teats after milking. It can save the wages of an extra man in the shed.

The Kiwi attitude toward

efficiency is rapidly being changed by such mechanical products and will increase further with the application of electronics.

Tru-Test, a truly home-grown industry, is now a world leader in the field, operating at the top end of dairy technology. It, too, started with mechanical inventions.

The history of the company is a classic Kiwi success story; a pit-in-the-eye for those chip-on-the-shoulder attitudes you get when you start to talk about the ability of New Zealand manufacturers to compete on world markets.

The business grew out of direct contact with the land by its managing director, John Harstone, an ex-dairy farmer and part-time engineer with a thirst for competition.

Harstone recalls: "I got cracking in the early 1960s on developing a milk meter to meet a growing need. Other people around the world were trying to design one too, but we got a good start and the opposition helped."

It is a firm believer that any individual or company must have competition for the achievement of the best.

"Another factor in our success was my farming background. I have always been able to relate the farmers' needs to the product."

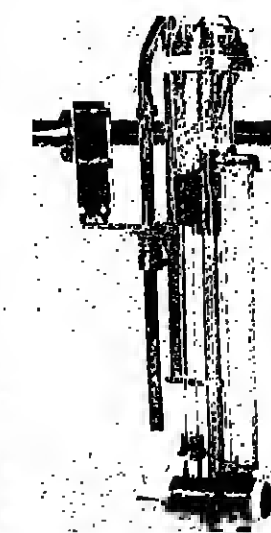
And because of what he described as the farmer's "inventive expertise", Harstone is convinced New Zealand will make an even greater contribution to world primary production methods.

Although his personal preference was engineering, Harstone's first made the acquaintance of cows on his father's farm in the Waikato at 16 when his two elder brothers went to war.

He was thoroughly trained in dairying but maintained his interest in engineering.

The need for greater efficiency became apparent in the early 1960s and in 1962, the Milk Marketing Board of Britain called for the manufacture of a meter to take proportional samples while the cow was being milked. It issued the specifications world wide.

The idea was to obtain, simply and accurately, a sample from each cow which could later be checked for productivity in terms of



Milk meter... 280,000 made.

quantity and analysed for butterfat content, protein, lactose and so on. Such useful information was previously available only via crude bucket methods.

The British threw out the challenge, and New Zealand was one of the countries which picked it up.

With the help of a friend with an engineering business, Harstone made several prototypes, took out a patent on the operating principle and formed a company to develop it.

The design took three full years. It had to be precise, yet take into account the fact that milk won't behave as a liquid while travelling in a vacuum.

When finally a workable prototype was developed, the materials — brass and perspex — were not hygienic enough and too costly for mass production.

Consolidated Plastics, of Auckland, was called in to advise on suitable plastics. But then the shape of the meter was considered too complex for plastic injection moulding.

Harstone says: "Fortunately, the average Kiwi is a supreme optimist and we kept going until we found a way. Consolidated Plastics eventually won a number of design awards with the meter."

Five years after the idea was mooted, the Tru-Test meter was endorsed by the New Zealand Dairy Board for official herd recording. Harstone dropped out of dairy farming, started assembling

the units and exporting. Consolidated Plastics made the plastics and John Hunter Ltd of Hamilton made the steel parts.

Although overseas manufacturers were still in the race (Tru-Test still has four major competitors world-wide) the company won a slice of the market at its first outing. Its first export order in 1967 was worth \$18,000 — as much as the local market for the same year.

Another five years of rapidly increasing exports enabled Tru-Test to set up its own manufacturing plant.

Marketing was in accordance with Harstone's individual style: personal contact. He personally obtained approval from dairy authorities throughout the world, requiring him to spend up to four months a year away from New Zealand.

Britain was the first to endorse the meter (following a stay of two months), then Australia, Canada and the United States.

Thirty five countries now use it and substantial sales have recently been made to Hungary.

On the subject of personal contact, Harstone says: "I have always tried to find out what the customer wants by talking to him and designing for his needs. Then all you have to do is convince him you're supplying his needs better than the opposition."

The company's export record has not gone unnoticed by the Department of Trade and Industry, which awarded

it high priority export status in 1978, enabling it to benefit from streamlined import/export procedures.

Last year, it won an award from the Trade Promotions Council for "continued and outstanding success in export markets over the previous three years".

Because of its commitment to overseas markets, the company now has a research and development section manned by three engineers whose job it is to produce at least one new product for export each year.

The latest is a milk-let down stimulator — a vacuum-operated device to encourage temperamental cows to give milk. (Jersey cows need more stimulation than Friesians).

The range of meters for sampling has grown to 12 types, including meters for goats.

Because so much of the company activity is directed overseas, engineers keep a close eye on developments in electronics.

One recent innovation is the "electronic" collar worn by each cow to identify it automatically while it is being milked.

Other recent overseas developments:

- Automatic record keeping of production levels;
- Automatic sample testing;
- Automatic allocation and feeding of concentrates per animal according to production.

Local conditions do not warrant such complete monitoring systems, but much of

the technology being developed here for overseas markets can be adapted for local use.

A case in point: a possible cow identification scheme if developed here might cost up to 400,000 dollars to develop, a sum not recoverable in the local market. Yet New Zealand dairymen would immediately reap the benefits.

Tru-Test is a family concern and three of Harstone's sons work for it, one of them, Tony Harstone, is the European sales manager based in Luxembourg. David, based in Auckland, manages sales in North and South America and Asia. Mark is the company's production manager.

In keeping with Harstone senior's strong sense of competition, all three get no special privileges and are employed on the same basis as any of the other 75 employees. None works directly for his father.

And again in character, Harstone vigorously supports a free-trade economic policy. "We've got to develop a situation where protection is gradually eliminated to force manufacturers that cannot be competitive internationally to produce goods that can be."

"New Zealand has many areas in which it can lead world manufacture."

"After all, the New Zealand economy, to a sizeable degree is based on dairying and because of it we lead the world in understanding the problems. There's a vast market to develop."

## take your Conference to HASTINGS



for free service

CALL MURRAY PINFOLD COLLECT

HASTINGS 69 001

He will arrange everything

Hastings Convention Bureau

100-110 Hastings Street, Hastings

03-746 1111

## Hanover Industrial Trade Fair the biggest in the world!

Thousands of international businessmen earmark the Hanover Trade Fair every year — it's got that kind of reputation. For collecting vital information and making important new contacts, the leading figures in world industry rank this fair as a must!

Five thousand international exhibitors showing an enormous range of products.

For further information—catalogues, travel dates, entrance tickets etc. write to: New Zealand Agents: Hanover Fair, P.O. Box 25070, Christchurch





